



**DEPARTMENT OF  
FINANCE**  
OFFICE OF THE DIRECTOR

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**MAY 13 2014**

Honorable Mark Leno, Chair  
Senate Budget and Fiscal Review Committee

Attention: Mr. Mark Ibele, Staff Director (2)

Honorable Nancy Skinner, Chair  
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

**Amendment to and Addition of Various Budget Bill Items and Reimbursements, Support and Local Assistance, State Department of Education**

**Federal Funds Adjustments**

**Items 6110-001-0001 and 6110-001-0890, Support, State Department of Education (SDE) (Issues 602, 604, 605, and 609)**

**Child Nutrition Program Training and Oversight (Issue 602)**—It is requested that Item 6110-001-0890 be increased by \$2,887,000 Federal Trust Fund and that Item 6110-001-0001 be amended to reflect the availability of one-time funds to provide statewide training, technical assistance, and oversight for school food authorities regarding nutritional standards contained in the federal Healthy, Hunger-Free Kids Act of 2010.

It is further requested that provisional language be added as follows to conform to this action:

X. Of the funds appropriated in this item, \$2,887,000 is provided on a one-time basis to support statewide training, technical assistance, certification, and oversight for school food authorities regarding changes to the meal and nutritional standards contained in the federal Healthy, Hunger-Free Kids Act of 2010, as allowed by federal guidelines pertaining to the allocation of administrative funds for state costs of implementation of new meal patterns for the National School Lunch Program and School Breakfast Program.

**Child and Adult Care Food Program (Issue 604)**—It is requested that provisional language be added to specify that \$174,000 of existing Federal Trust Fund and 2 existing positions are available to coordinate training and provide technical assistance to Child and Adult Care Food Program agencies regarding requirements of the federal Healthy, Hunger-Free Kids Act of 2010. Additional funding is not being requested because the SDE has existing funding authority to accommodate this workload.

It is requested that provisional language be added as follows to conform to this action:

X. Of the funds appropriated in this item, \$174,000 is provided until June 30, 2016, to support 2 existing positions that will coordinate training and provide technical assistance to Child and Adult Care Food Program agencies regarding requirements of the federal Healthy, Hunger-Free Kids Act of 2010.

**Child Nutrition Administrative Reviews (Issue 605)**—It is requested that provisional language be added as follows to specify that \$1,335,000 of existing Federal Trust Fund and 15 existing positions are available to address increased child nutrition program administrative review workload as required by the federal Healthy, Hunger-Free Kids Act of 2010. Specifically, the United States Department of Food and Agriculture redesigned the administrative review process and increased the review cycle of school food authorities from five-years to every three-years. Additional resources are not being requested because the SDE has existing funding authority and vacant positions to accommodate this workload.

It is requested that provisional language be added as follows to conform to this action:

X. Of the funds appropriated in this item, \$1,335,000 Federal Trust Fund and 15 existing positions are provided to support increased administrative reviews of school food authorities.

**Free and Reduced-Price Meal Direct Certification (Issue 609)**—It is requested that 1 ongoing position and 2 three-year limited-term positions be authorized to implement a free and reduced-price meal direct certification process using Medicaid (Medi-Cal) data. The United States Department of Agriculture has solicited participation from states to participate in the Medi-Cal demonstration project, which would exempt states from current federal regulations that restricts the use of Medi-Cal data for direct certification. It is anticipated that California will be selected to participate in the demonstration project. Using a direct certification process to determine free and reduced-price meal eligibility would benefit students and schools by reducing paperwork, and likely result in more accurate Local Control Funding Formula (LCFF) estimates. Additional funding is not being requested because the SDE has existing funding authority to accommodate this workload.

It is requested that provisional language be added as follows to conform to this action:

X. Of the funds appropriated in this item, \$298,000 and 1 ongoing position and 2 three-year limited-term positions are provided to implement a free and reduced-price meal direct certification process using Medi-Cal data. The positions are contingent upon California being selected by the United States Department of Agriculture to participate in the direct certification demonstration project.

**Items 6110-001-0001, 6110-001-0890, and 6110-161-0890, Local Assistance, Special Education (Issue 128)**—It is requested that Item 6110-001-0890 be increased by \$4.5 million and Schedule (1) of Item 6110-161-0890 be decreased by \$4.5 million to provide the SDE federal Individuals with Disabilities Education Act (IDEA) funds to support the provision of accessible instructional materials to local educational agencies. This request will shift federal IDEA funds from local assistance entitlements to state-level activities.

The SDE has been responsible for the statewide production, housing, and distribution of accessible instructional materials for visually impaired and blind students. Prior to the implementation of the LCFF, this service was funded through the Instructional Materials Fund (IMF). Upon implementation of the LCFF, the IMF was eliminated and the funds were rolled into the LCFF. The Governor's Budget proposed a fee-based program in which the SDE would continue providing the service and receive reimbursements from participating local educational agencies. This request would provide \$3 million in ongoing special education federal funds to support the ongoing statewide activities, and a one-time investment of \$1.5 million to transcribe and emboss recently adopted mathematics instructional materials.

It is also requested that provisional language be added to Item 6110-001-0890 as follows to conform to this action:

X. Of the funds appropriated in this item, up to \$3,000,000 in ongoing federal Individuals with Disabilities Education Act (20 U.S.C. Sec. 1400 et. seq.) funds shall be available for the State Department of Education to provide accessible instructional materials to local educational agencies.

X. Of the funds appropriated in this item, up to \$1,500,000 federal Individuals with Disabilities Education Act (20 U.S.C. Sec. 1400 et. seq.) funds shall be available on a one-time basis for the State Department of Education to provide mathematics accessible instructional materials aligned to the common core state standards.

**Item 6110-113-0890, Local Assistance, Federal Title VI Student Assessment Program (Issue 556)**—It is requested that Schedule (2) of this item be increased by \$1,153,000 federal Title VI funds to develop the new English Language Proficiency Assessments for California. These funds are available as a result of English Language Development Test contract savings in fiscal year 2013-14.

It is further requested that provisional language be amended as follows to conform to this action and request that the SDE submit a multi-year implementation plan with associated costs for the development of the English Language Proficiency Assessments of California.

X. Of the funds appropriated in Schedule (2), \$1,153,000 is provided in one-time carryover funds for the development of and transition to the English Language Proficiency Assessments for California.

X. The State Department of Education shall submit to the Department of Finance an implementation timeline with activities and associated cost estimates regarding the development of the English Language Proficiency Assessments for California by September 1, 2014.

**Item 6110-193-0890, Local Assistance, Mathematics and Science Partnership Program (Issue 370)**—It is requested that this item be increased by \$2 million federal Title II funds to reflect the availability of one-time carryover funds. The Mathematics and Science Partnership Program provides competitive grants to partnerships of low-performing schools and institutions of higher education to provide staff development and curriculum support to mathematics and science teachers.

It is further requested that provisional language be added as follows to conform to this action:

X. Of the funds appropriated in this item, \$2,000,000 is provided in one-time carryover funds to support the existing program.

**Item 6110-195-0890, Local Assistance, Improving Teacher Quality (Issue 371)**—It is requested that Schedule (2) of this item be increased by \$118,000 federal Title II funds to reflect the availability of one-time carryover funds. The Improving Teacher Quality-State Level Activities provides funds for the University of California Subject Matter Projects to provide statewide teacher professional development.

It is further requested that provisional language be added as follows to conform to this action:

X. Of the funds appropriated in Schedule (2), \$118,000 is provided in one-time carryover for transfer to the University of California and shall be used for the Subject Matter Projects. None of these funds shall be used for additional indirect administrative costs.

### **General Fund and Other Adjustments**

**Item 6110-001-0001, Support, Information Technology Support for California Assessment of Student Performance and Progress (Issue 547)**—It is requested that Schedule (2) of this item be increased by \$444,000 General Fund to support contracts for an Independent Verification and Validation consultant and Independent Project Oversight Consultant to oversee the development and implementation of the Smarter Balanced Testing Hosting Solution.

Chapter 489, Statutes of 2013, established a new student assessment system, called the California Assessment of Student Performance and Progress. The Smarter Balanced assessments in English language arts and math, aligned to the common core state standards, are a component of the new testing system. Though the Smarter Balanced Assessment Consortium manages and hosts the majority of the assessment system, starting in 2014-15, participating states are responsible for the Assessment Delivery Component, which the SDE calls the Smarter Balanced Testing Hosting Solution. This hosting solution registers students for testing, delivers the test, collects student responses, and sends them to be scored.

It is also requested to extend one Software Systems Specialist III to a three-year limited-term position and reclassify the other Software Systems Specialist III provided in the Governor's Budget to a Data Processing Manager III on a three-year limited-term basis.

It is further requested that provisional language be amended as follows to conform to this action:

"19. Of the funds appropriated in this item, ~~\$250,000~~\$694,000 and 2.0 positions are provided on a ~~two-year~~three-year limited-term basis to implement Chapter 489 of the Statutes of 2013, upon California Department of Technology approval of, and Department of Finance receipt of, a Feasibility Study Report for the information technology components contained within the corresponding Budget Change Proposal submitted by the State Department of Education. Of this amount, \$432,000 is provided one-time for an Independent Verification and Validation consultant and an Independent Project Oversight Consultant to provide oversight of the Smarter Balanced Testing Hosting Solution project."

"20. Of the funds appropriated in this item, up to \$232,000 and 2.0 positions are provided to implement Chapter 489 of the Statutes of 2013, upon 1) California Department of Technology approval of, and Department of Finance receipt of, a Feasibility Study Report for the information technology components contained within the corresponding Budget Change Proposal submitted by the State Department of Education and 2) Department of Finance approval of an expenditure plan supported by corresponding contract documentation justifying the need for these additional positions."

**Items 6110-001-0001, 6110-003-0001 and 6110-491, Support, SDE, Reappropriate One-Time Savings (Issues 461 and 608)**—It is requested that Item 6110-001-0001 be increased by \$227,000 General Fund to support the apportionment and fiscal oversight of funding allocated under the LCFF. Funding was provided in 2013-14 pursuant to Chapter 357, Statutes of 2013 (SB 97), for the purpose of reprogramming apportionment software to align with requirements of LCFF. However, some of this work will need to be completed in 2014-15.

It is further requested that Item 6110-003-0001 be increased by \$2.5 million General Fund to support the Standardized Account Code Structure replacement project. Funding was appropriated in the 2013 Budget Act for this purpose, subject to approval of a special project report by the Department of Technology and the Department of Finance. However, the report will not be completed before the end of the fiscal year.

It is also requested that Item 6110-491 be added as follows to conform to these actions:

**6110-491—Reappropriation, Department of Education.** The amount specified in the following citations are reappropriated for the purposes provided for in those appropriations and shall be available for encumbrance or expenditure until June 30, 2015:

**0001—General Fund.**

(1) \$227,000 in Item 6110-001-0001, Budget Act of 2013 (Ch. 20, Stats. 2013, as amended by Ch. 357, Stats. 2013), for the purpose of supporting the apportionment and fiscal oversight of funding pursuant to the local control funding formula.

(2) \$2,500,000 in Item 6110-003-0001, Budget Act of 2013 (Ch. 20, Stats. 2013), for the purpose of supporting the Standardized Account Code Structure replacement project.

**Items 6110-005-0001 and 6110-006-0001, Support, Special Education (Issue 127)**—It is requested that Provision 1 of Item 6110-006-0001 be deleted and provisional language be added to Item 6110-005-0001 to allow the State Controller's Office (Controller) to transfer reimbursement funds. Reimbursement authority related to the amount school districts are charged for the excess cost of educating students at the State Special Schools was transferred to Item 6110-005-0001 in the 2013 Budget Act. However, language that authorizes the Controller to transfer funds from the school districts to the State Special Schools remains in Item 6110-006-0001.

It is requested that provisional language be added to Item 6110-005-0001 as follows to conform to this action:

Provisions:

X. On or before September 15 of each year, the superintendent of each State Special School shall report to each school district the number of pupils from that district who are attending a State Special school and the estimated payment due on behalf of the district for those pupils pursuant to Section 59300 of the Education Code. The Controller shall withhold from the State School Fund in the first principal apportionment of that fiscal year the amount due from each school district, as reported to the Controller by the Superintendent of Public Instruction. The amount withheld shall be transferred from the State School Fund to this item. The Superintendent of Public Instruction is authorized to adjust the estimated payments required after the close of the fiscal year by reporting to the Controller the information needed to make the adjustment. The payments by the Controller that result from this year-end adjustment shall be applied to current year.

It is also requested that provisional language be amended in Item 6110-006-0001 as follows to conform to this action:

"Provisions:

~~1. On or before September 15 of each year, the superintendent of each State Special School shall report to each school district the number of pupils from that district who are attending a State Special school and the estimated payment due on behalf of the district for those pupils pursuant to Section 59300 of the Education Code. The Controller shall withhold from the State~~

~~School Fund in the first principal apportionment of that fiscal year the amount due from each school district, as reported to the Controller by the Superintendent of Public Instruction. The amount withheld shall be transferred from the State School Fund to this item. The Superintendent of Public Instruction is authorized to adjust the estimated payments required after the close of the fiscal year by reporting to the Controller the information needed to make the adjustment. The payments by the Controller that result from this yearend adjustment shall be applied to current year."~~

**Item 6110-102-0231, Local Assistance, Tobacco-Use Prevention Education Program (Issue 611)**—It is requested that this item be decreased by \$1,313,000 Health Education Account to reflect declining revenue estimates from the Cigarette and Tobacco Products Surtax Fund (Proposition 99). These funds are used for health education efforts aimed at the prevention and reduction of tobacco use. Activities may include tobacco-specific student instruction, reinforcement activities, special events, and cessation programs for students.

**Item 6110-107-0001, Local Assistance, Fiscal Crisis and Management Team (FCMAT) (Issue 440)**—It is requested that this item be increased by \$500,000 Proposition 98 General Fund to support the operations of the FCMAT, which helps local educational agencies fulfill their financial and management responsibilities. This funding will provide FCMAT with resources to support LCFF workload.

It is further requested that provisional language be amended as follows to conform to this action:

"2. Of the funds appropriated in Schedule (1):

(a) ~~\$2,444,000~~ \$2,944,000 shall be allocated by the Controller directly to a county office of education selected pursuant to subdivision (a) of Section 42127.8 of the Education Code to oversee Fiscal Crisis and Management Assistance Team (FCMAT) responsibilities with respect to these funds and to meet the costs of participation under Section 42127.8 of the Education Code.

(b) \$223,000 shall be available to develop and implement the activities of regional teams of fiscal experts to assist districts in fiscal distress.

(c) \$374,000 shall be allocated to FCMAT for the purpose of providing, through computer technology, financial and demographic information that is interactive and immediately accessible to all local educational agencies to assist them in their decisionmaking process. To ensure a completely integrated system, this computer information should be developed in collaboration with the State Department of Education, and should be compatible with the hardware and software of the State Department of Education, so that this information may also assist state-level policymakers in making comparable standardized financial information available to the local educational agencies and the public."

**Item 6110-113-0001, Local Assistance, Student Assessment Program (Issues 557, 559, and 560)**—It is requested that this item be decreased by \$1,922,000 Proposition 98 General Fund. Of this amount, it is requested that Schedule (3) be decreased by \$883,000, Schedule (5) be decreased by \$889,000, and Schedule (2) be decreased by \$150,000. These adjustments: (1) reflect anticipated savings from the California English Language Development Test contract to offset Proposition 98 General Fund provided to develop the English Language Proficiency Assessments for California, (2) conform to an increase in federal Title VI funds for student assessments, and (3) reflect a decrease in funds needed to score and report the 2014 Test Administration.

**Item 6110-119-0001, Local Assistance, Proposition 98 Foster Youth Program**

**(Issue 289)**—It is requested that this item be decreased by \$2,000 Proposition 98 General Fund to reflect the revised cost-of-living adjustment applied to grants for the Foster Youth Program.

It is further requested that provisional language be amended as follows to conform to this action:

“1. Of the funds appropriated in this item, ~~\$130,000~~ \$128,000 is to reflect a cost-of-living adjustment.”

**Items 6110-139-8080, 6110-639-0001 and 6110-698-8080, Proposition 39 (Issues 771, 773, 774, and 775)**—It is requested that Item 6110-139-8080 be decreased by \$9 million Clean Energy Job Creation Fund to reflect decreased projected revenues in 2014-15 tied to the corporate tax changes enacted by Proposition 39.

It is also requested that provisional language be added to Item 6110-139-8080 to extend the encumbrance period for Clean Energy Job Creation funds through 2017-18, as follows:

X. The funds appropriated in this item shall be available for encumbrance or expenditure until June 30, 2018.

**Item 6110-161-0001, Local Assistance, Special Education (Issues 129, 134, 135, and 136)**—It is requested that this item be increased by \$3,475,000 Proposition 98 General Fund. This adjustment includes a decrease of \$8,276,000 to reflect increased offsetting property tax revenues; an increase of \$12,017,000 to reflect growth in average daily attendance estimates; and a decrease of \$266,000 to reflect a decrease in the cost-of-living adjustment.

It is also requested that Provision 2 of this item be amended to remove the requirement to spend a portion of these funds on low incidence disabilities career technical education or services. Many local educational agencies do not offer this program and are unable to spend these funds.

It is further requested that provisional language be amended as follows to conform to these actions:

“2. Of the funds appropriated in Schedule (1), up to ~~\$17,315,000~~ \$17,370,000 shall be available to provide special education and related services to students with low-incidence disabilities pursuant to their individualized education program. ~~Special education local plan areas (SELPA) shall use up to \$2,100,000 of these funds for career technical education or services for students with low incidence disabilities.~~ The Superintendent of Public Instruction shall allocate these funds to special education local plan areas on an equal per-pupil rate using the methodology specified in Section 56836.22 of the Education Code.”

“6. Of the funds appropriated in Schedule (1), up to ~~\$153,955,000~~ \$154,442,000 is available to fund the costs of children placed in licensed children’s institutions who attend nonpublic schools based on the funding formula authorized in Chapter 914 of the Statutes of 2004.”

“16. Of the amount specified in Schedule (1), ~~\$355,916,000~~ \$357,041,000 shall be available only to provide educationally related mental health services, including out-of-home residential services for emotionally disturbed pupils, required by an individualized education program pursuant to the federal Individuals with Disabilities Education Act (20 U.S.C. Sec. 1400 et seq.) and as described in Section 56363 of the Education Code. The Superintendent of Public Instruction shall allocate these funds to special education local plan areas in the 2014–15 fiscal

year based upon an equal rate per pupil using the methodology specified in Section 56836.07 of the Education Code."

"18. The funds appropriated in this item reflect an adjustment to the base funding of ~~-0.437~~ 0.112 percent for the annual adjustment in statewide average daily attendance."

"19. Of the amount provided in Schedule (1), ~~\$30,933,000~~ \$30,673,000 is to reflect a cost-of-living adjustment."

"20. Of the amount provided in Schedule (2), ~~\$748,000~~ \$742,000 is to reflect a cost-of-living adjustment."

"23. Of the amount specified in Schedule (1), up to ~~\$2,780,000~~ \$2,789,000, shall be available for small SELPAs to conduct regionalized services, pursuant to Section 56836.31 of the Education Code."

**Items 6110-161-0001, 6110-488, and 6110-602-0001, Local Assistance, Reappropriation for Special Education, Proposition 98 (Issue 138)**—It is requested that Item 6110-161-0001 be decreased by \$12,890,000 Proposition 98 General Fund.

It is also requested that Provision 5 of Item 6110-488 be added, as specified on Attachment I, and Item 6110-602-0001 be increased to reappropriate \$12,890,000 in one-time Proposition 98 General Fund savings for special education activities to offset the reduction of ongoing funds to Item 6110-161-0001.

**Items 6110-182-0001, 6110-488, and 6110-602-0001, Local Assistance, Reappropriation for the K-12 High-Speed Network, Proposition 98 (Issue 612)**—It is requested that Provision 6 of Item 6110-488 be added, as specified on Attachment I, and non-Budget Act Item 6110-602-0001 be increased to reappropriate \$26,689,000 in one-time Proposition 98 General Fund savings to support common core implementation with network connectivity infrastructure grants and a statewide report of network connectivity infrastructure by the K-12 High-Speed Network, in consultation with the SDE and State Board of Education.

It is further requested that provisional language in Item 6110-182-0001 be amended and added as follows to conform to this action:

"1. Expenditure authority of no greater than ~~\$12,940,000~~ \$39,629,000 is provided for the K-12 High-Speed Network.

(a) Of the amount authorized for expenditure in this provision, \$4,600,000 shall be funded by E-rate and California Teleconnect Fund moneys. The lead educational agency or the Corporation for Education Network Initiatives in California (CENIC), or both, shall submit quarterly reports to the Department of Finance and the Legislature on funds received from E-rate and the California Teleconnect Fund.

(b) For the 2014-15 fiscal year, all major subcontracts of the K-12 High-Speed Network program shall be excluded from both the eligible program costs on which indirect costs are charged and from the calculation of the indirect cost rate based on that year's data. For purposes of this provision, a major subcontract is defined as a subcontract for services in an amount in excess of \$25,000.



2. Of the amount authorized for expenditure in Provision 1, \$26,689,000 is reappropriated with one-time Proposition 98 General Fund savings in Provision 6 of Item 6110-488 to support network connectivity infrastructure grants and completion of a statewide report of network connectivity infrastructure by the K-12 High-Speed Network in consultation with the Department of Education and State Board of Education.

(a) Network connectivity infrastructure grants shall be distributed by the K-12 High-Speed Network, in consultation with the Department of Education and State Board of Education, based on an objective assessment of need using the data included in the statewide report of network connectivity infrastructure as specified in (c) of this provision.

(b) The Department of Education, with concurrence of the Executive Director of the State Board of Education, may direct the K-12 High-Speed Network to distribute network connectivity infrastructure grants to fund projects critical for 2014-15 implementation of computer-based assessments prior to the issuance of the report required in (c) of this provision. These grants would take priority over all other grants in (a) of this provision.

(c) The statewide report of network connectivity infrastructure shall, at a minimum, include: (1) an assessment of existing network connectivity infrastructure that takes student population at respective school sites into consideration; (2) alternative network connectivity options that take geography, isolation, student population, and cost into consideration; and (3) what federal, state, and local funding has been invested in the past and may be available in the future for network connectivity infrastructure at respective school sites. This report shall be completed by the K-12 High-Speed Network, in consultation with the Department of Education and the State Board of Education, by March 1, 2015.

(d) Upon distribution of all available network connectivity infrastructure grant funding, the K-12 High-Speed Network shall submit a report to the Legislature, Department of Education, State Board of Education, and Department of Finance that describes the methodology used to determine and prioritize grant funding and provides a summary of grant recipients and associated infrastructure projects.

(e) If necessary, and upon approval of the Department of Finance, the K-12 High-Speed Network may use a portion of network connectivity infrastructure grant funding to meet the requirements of this item."

**Item 6110-203-0001, Local Assistance, Proposition 98 Child Nutrition Program**

**(Issues 614 and 615)**—It is requested that this item be increased by \$10,000 Proposition 98 General Fund to reflect the revised cost-of-living adjustment applied to the per-meal reimbursement rates for the state child nutrition program at public school districts, county offices of education, and Proposition 98-eligible child care centers and homes.

It is also requested that this item be increased by \$2,930,000 Proposition 98 General Fund to reflect the revised estimate of meals served through the state child nutrition program at public school districts, county offices of education, and Proposition 98-eligible child care centers and homes. The resulting appropriation would fully fund, at the specified rates, all meals projected to be served in 2014-15.

It is further requested that provisional language be amended as follows to conform to these actions:

"5. Of the funds appropriated in this item, ~~\$1,325,000~~ \$1,335,000 is to reflect a cost-of-living adjustment.

6. The funds appropriated in this item reflect a growth adjustment of ~~-\$3,633,000~~ -\$703,000 due to a decrease in the projected number of meals served."

**Item 6110-295-0001, Local Assistance, Increase Mandate Reimbursement Funding**

**(Issue 606)**—It is requested that this item be increased by \$5,000 Proposition 98 General Fund to reflect the addition of five mandates to the mandate claiming process. Specifically, \$1,000 is provided for each of the following new mandates: (1) Parental Involvement Programs, (2) Williams Case Implementation I, II, and III, and (3) Developer Fees. An additional \$1,000 is provided for both the existing Student Records and Graduation Requirements, which were inadvertently omitted from the claims process item last year.

It is further requested that program schedules be added to this item as follows to conform to this action:

(45) 98.01.140.090 - Parental Involvement Programs (Ch. 1400, Stats. 1990, et al.) (03-TC-16).....	\$1,000
(46) 98.01.498.983 - Graduation Requirements (Ch. 498, Stats. 1983) (CSM 4181A).....	\$1,000
(47) 98.01.593.089 – Student Records (Ch. 593, Stats. 1989, et al.) (02-TC-34).....	\$1,000
(48) 98.01.900.004 - Williams Case Implementation I, II, and III (Ch. 900, Stats. 2004, et al.) (05-TC-04, 07-TC-06, and 08-TC-01).....	\$1,000
(49) 98.01.955.077 – Developer Fees (Ch. 955, Stats. 1977, et al.) (02-TC-42).....	\$1,000

**Item 6110-296-0001, Local Assistance, Increase Mandate Block Grant Funding**

**(Issue 616)**—It is requested that this item be increased by \$1,579,000 Proposition 98 General Fund to align mandate block grant funding with revised average daily attendance estimates. This additional funding is required to maintain statutory block grant funding rates assuming 100 percent program participation.

**Item 6110-492, Reappropriation, Extend Proposition 39 Encumbrance Period**

**(Issue 760)**—It is requested that Item 6110-492 be added to reappropriate the unencumbered balance of Clean Energy Job Creation Funds through 2017-18 to allow local educational agencies adequate time to implement energy efficiency projects as follows:

6110-492—Reappropriation, Department of Education. The unencumbered balance in the following citation is repappropriated for the purposes provided for in the appropriation and shall be available for encumbrance or expenditure until June 30, 2018:

8080—Clean Energy Job Creation Fund

(1) Item 6110-139-8080, Budget Act of 2013, (Ch. 20, Stats. 2013).

**Item 6110-601-0001, Local Assistance, School District LCFF, Continuous Appropriation, Base Adjustments, and Local Property Tax Offsets (Issues 450, 451, 452, and 453)**—It is requested that this non-Budget Act item be decreased by \$731,163,000 Proposition 98 General Fund to reflect the following: (1) an increase of \$103,438,000 to reflect growth, (2) an increase of \$90,038,000 to reflect revised offsetting local revenue adjustments, (3) a decrease of \$742,153,000 to reflect revised budgetary deferral repayments, and (4) a decrease of \$182,486,000 to reflect revised offsetting Education Protection Account revenues.

**Item 6110-608-0001, Local Assistance, County Office of Education LCFF, Continuous Appropriation, Base Adjustments, and Local Property Tax Offsets (Issues 002, 005, and 006)**—It is requested that this non-Budget Act item be increased by \$6,439,000 Proposition 98 General Fund to reflect the following: (1) an increase of \$4,372,000 to reflect growth, (2) an increase of \$2,173,000 to reflect revised offsetting local revenue adjustments,

and (3) decrease of \$106,000 to reflect revised offsetting Education Protection Account revenues.

**Item 6110-610-0001, Local Assistance, Education Protection Account Adjustment, Continuous Appropriation (Issue 457)**—It is requested that this non-Budget Act item be increased by \$184,456,000 Proposition 98 General Fund to reflect revised Education Protection Account revenue estimates.

**Item 6110-670-0001, Local Assistance, School District LCFF, Continuous Appropriation, Base Adjustment (Issue 001)**—It is requested that this non-Budget Act item be increased by \$13,261,000 Proposition 98 General Fund to reflect revised charter school average daily attendance growth.

**Item 6110-601-3207, Local Assistance, Education Protection Account Adjustment, Continuous Appropriation (Issue 456)**—It is requested that this non-Budget Act item be increased by \$184,456,000 Education Protection Account funds to reflect revised revenue estimates.

**Item 6110-698-3207, Local Assistance, Local Educational Agency Apportionments, Continuous Appropriation (Issue 460)**—It is requested that this non-Budget Act item be decreased by \$184,456,000 Education Protection Account funds to reflect revised revenue estimates.

#### **Current Year Adjustments**

**Item 6110-601-0001, Local Assistance, School District LCFF, Continuous Appropriation, Base Adjustments, and Local Property Tax Offsets (Issues 450, 451, 452, and 453)**—It is requested that this non-Budget Act item be increased by \$1,565,784,000 Proposition 98 General Fund to reflect the following: (1) an increase of \$103,552,000 to reflect growth, (2) an increase of \$223,113,000 to reflect revised offsetting local revenue adjustments, (3) an increase of \$1,260,313,000 to reflect revised budgetary deferral repayments, and (4) a decrease of \$21,194,000 to reflect revised offsetting Education Protection Account revenues.

**Item 6110-601-3207, Local Assistance, Education Protection Account Adjustment, Continuous Appropriation (Issue 456)**—It is requested that this non-Budget Act item be increased by \$21,419,000 Education Protection Account funds to reflect revised revenue estimates.

**Item 6110-608-0001, Local Assistance, County Office of Education LCFF, Continuous Appropriation, Base Adjustments, and Local Property Tax Offsets (Issues 002, 005, and 006)**—It is requested that this non-Budget Act item be increased by \$14,442,000 Proposition 98 General Fund to reflect the following: (1) an increase of \$3,290,000 to reflect growth, (2) an increase of \$9,513,000 to reflect revised offsetting local revenue adjustments, and (3) an increase of \$1,639,000 to reflect revised offsetting Education Protection Account revenues.

**Item 6110-610-0001, Local Assistance, Education Protection Account Adjustment, Continuous Appropriation (Issue 457)**—It is requested that this non-Budget Act item be increased by \$21,419,000 Proposition 98 General Fund to reflect revised Education Protection Account revenue estimates.

**Item 6110-662-0001, Local Assistance, Special Education Adjustment for Redevelopment Agency Property Tax Revenues (Issue 133)**—It is requested that this non-Budget Act item be decreased by \$1,075,000 to reflect an increase in redevelopment agency property tax revenues.

**Item 6110-670-0001, Local Assistance, School District LCFF, Continuous Appropriation, Base Adjustment (Issue 001)**—It is requested that this non-Budget Act item be decreased by \$3,737,000 Proposition 98 General Fund to reflect revised charter school average daily attendance growth.

**Item 6110-698-3207, Local Assistance, Local Educational Agency Apportionments, Continuous Appropriation (Issue 460)**—It is requested that this non-Budget Act item be decreased by \$21,419,000 Education Protection Account funds to reflect revised revenue estimates.

#### **Trailer Bill Language (See Attachment II)**

**Principal Apportionment Deferrals**—The Governor's Budget proposed amending Education Code section 14041.6 to specify the amount of inter-year deferral repayments. The May Revision proposes amendments to this section to specify changes to these repayments.

**Transfer School Building Aid Funds to Emergency Repair Program**—It is requested that trailer bill language be adopted to transfer all remaining School Building Aid Funds to the Emergency Repair Program. These funds have historically been used to fund the Deferred Maintenance Program, which was consolidated within the LCFF.

**Charter Schools Offering Classes to Adults in Correctional Facilities**—It is requested that trailer bill language be added to, commencing with 2014-15, suspend local educational agencies from establishing new federal Workforce Investment Act affiliated charter schools until a more comprehensive adult education plan can be developed. Currently, these schools can claim LCFF based funding for adult average daily attendance, which no other local educational agency may claim. This proposal will not affect federal Workforce Investment Act affiliated charter schools existing prior to the 2014-15 school year.

**Workforce Investment Act Affiliated Charter Schools LCFF Apportionments for Adult Average Daily Attendance**—It is requested that trailer bill language be added to, commencing with 2014-15, suspend local educational agencies from establishing new federal Workforce Investment Act affiliated charter schools until a more comprehensive adult education plan can be developed. Currently, these schools can claim LCFF based funding for adult average daily attendance, which no other local educational agency may claim. This proposal will not affect federal Workforce Investment Act affiliated charter schools existing prior to the 2014-15 school year.

**Independent Study Instructional Flexibility**—The Governor's Budget proposed amending various sections of the Education Code to streamline administrative requirements and expand the existing independent study program, making it easier for schools to offer online and blended learning courses. The May Revision proposes to further clarify the Governor's Budget proposal, including the following significant amendments:

- Eliminate the requirement that certificated teachers and students meet weekly to assess if a student is making satisfactory academic progress in a school site-based blended learning independent study program. This recognizes that teachers and students in these programs already interact frequently enough to ensure student progress.

- Provide charter schools, school districts, and county offices of education with the ability to offer site-based blended learning utilizing a universal learning agreement for all students enrolled in the same course or courses.
- Ensure that students enrolled in course-based independent study programs are funded on the basis of average daily attendance, and not enrollment, by applying the statewide excused absence rate to average daily attendance claimed by local educational agencies. Applying the excused absence rate ensures funding for students enrolled in course-based independent study programs is equitable with funding for students enrolled in traditional classroom settings.

**Accessible Instructional Materials**—The Governor's Budget proposed amending Education Code section 60313 to require the SDE to assess a fee on local educational agencies that choose to acquire accessible materials from the SDE. The May Revision proposes to return to current law and fund the SDE's activities to produce, warehouse, and distribute accessible instructional materials with federal IDEA funding.

**Mandates Block Grant**—It is requested that trailer bill language be amended to add the Parental Involvement Programs; Williams Case Implementation I, II, and III; and Developer Fees mandated programs to the list of mandates eligible for block grant funding.

**Special Education Maintenance of Effort**—It is requested that trailer bill language be adopted to specify that \$32,806,000 provided in the 2012 Budget Act and \$60,546,000 provided in the 2013 Budget Act count towards fully funding the federal IDEA maintenance of effort for 2010-11.

**Proposed LCFF Technical Cleanup Trailer Bill  
(See Attachment III)**

**LCFF**—The Governor's Budget proposed amending various sections of the Education Code to clarify implementation of the LCFF. The May Revision proposes technical clarifications and additional amendments to reflect the following changes to the calculation of unduplicated pupils under the LCFF:

- Authorize schools participating in Provision 2 or 3 of the National School Lunch Program to establish a base-year student eligibility for free or reduced-price meals no less than once every four years, provided that the school annually updates its free and reduced-price meal eligible student counts for newly enrolled or disenrolled students during the intervening years.
- Require the Superintendent of Public Instruction to revise a local educational agency's three-year unduplicated student percentage rolling average using 2014-15 student data in place of 2013-14 data, if doing so would increase the local educational agency's rolling average.

**LCFF Continuous Appropriation**—The Governor's Budget proposed amending Education Code section 14002 to continuously appropriate LCFF implementation funding. The May Revision proposes amendments to this section to clarify the following:

- Advance apportionments would be based upon estimates of Proposition 98 funding provided by the Department of Finance at May Revision.
- Prorated funding would be applied to LCFF implementation funding.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Thomas Todd, Assistant Program Budget Manager, at (916) 445-0328.

MICHAEL COHEN  
Director  
By:

/s/ Keely M. Bosler

KEELY M. BOSLER  
Chief Deputy Director

Attachment

cc: Honorable Kevin de León, Chair, Senate Appropriations Committee  
Attention: Mr. Mark McKenzie, Staff Director  
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee  
Attention: Mr. Seren Taylor, Staff Director  
Honorable Mike Gatto, Chair, Assembly Appropriations Committee  
Attention: Mr. Geoff Long, Chief Consultant  
Honorable Jeff Gorell, Vice Chair, Assembly Budget Committee  
Attention: Mr. Eric Swanson, Staff Director  
Honorable Marty Block, Chair, Senate Budget and Fiscal Review Subcommittee No. 1  
Honorable Al Muratsuchi, Chair, Assembly Budget Subcommittee No. 2  
Mr. Mac Taylor, Legislative Analyst (4)  
Mr. Craig Cornett, Senate President pro Tempore's Office (2)  
Mr. Christopher W. Woods, Assembly Speaker's Office (2)  
Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office  
Honorable Tom Torlakson, Superintendent of Public Instruction, State Department of Education  
Ms. Jeannie Oropeza, Deputy Superintendent, State Department of Education  
Ms. Roxanne Eres, Fiscal and Administrative Services Director, State Department of Education

**Proposed Amendments to Budget Bill, Item 6110-488**

"6110-488—Reappropriation, Department of Education. Notwithstanding any other provision of law, the balances from the following items are available for reappropriation for the purposes specified in Provisions 1 to 4 6:  
0001—General Fund

- (1) \$1,853,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the Charter School Facility Grant Program in Item 6110-220-0001 pursuant to Section 5 of Chapter 3 of the 2009–10 Fourth Extraordinary Session, as amended by Chapter 31 of the 2009–10 Third Extraordinary Session.
- (2) \$152,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Assessment Review and Reporting in Schedule (1) of Item 6110-113-0001 of the Budget Act of 2011 (Ch. 33, Stats. 2011).
- (3) \$208,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Educational Services for Foster Youth in Item 6110-119-0001 of the Budget Act of 2011 (Ch. 33, Stats. 2011).
- (4) \$20,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Economic Impact Aid in Item 6110-128-0001 of the Budget Act of 2011 (Ch. 33, Stats. 2011).
- (5) ~~\$180,000~~ 10,232,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Special Education Programs for Exceptional Children in Schedule (1) of Item 6110-161-0001 of the Budget Act of 2011 (Ch. 33, Stats. 2011).
- (6) ~~\$408,000~~ 1,269,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for California Partnership Academies in Schedule (1) of Item 6110-166-0001 of the Budget Act of 2011 (Ch. 33, Stats. 2011).
- (7) ~~\$25,000~~ 31,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the Agricultural Career Technical Education Incentive Program in Item 6110-167-0001 of the Budget Act of 2011 (Ch. 33, Stats. 2011).
- (8) ~~\$622,000~~ 1,072,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for child nutrition programs in Schedule (1) of Item 6110-203-0001 of the Budget Act of 2011 (Ch. 33, Stats. 2011).
- (9) ~~\$774,000~~ 3,161,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the Quality Education Investment Act of 2006 in the 2011–12 fiscal year pursuant to Section 52055.770 of the Education Code.
- (10) \$12,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Home to School Transportation in Schedule (1) of Item 6110-111-0001 of the Budget Act of 2012 (Chs. 21 and 29, Stats. 2012).

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- (11) \$799,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the Statewide Testing and Reporting Program in Schedule (2) of Item 6110-113-0001 of the Budget Act of 2012 (Chs. 21 and 29, Stats. 2012).
- (12) \$243,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the English Language Development Assessment in Schedule (3) of Item 6110-113-0001 of the Budget Act of 2012 (Chs. 21 and 29, Stats. 2012).
- (13) ~~\$51,000~~1,001,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Special Education Programs for Exceptional Children in Schedule (1) of Item 6110-161-0001 of the Budget Act of 2012 (Chs. 21 and 29, Stats. 2012).
- (14) ~~\$5,000,000~~6,600,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for child nutrition programs in Schedule (1) of Item 6110-203-0001 of the Budget Act of 2012 (Chs. 21 and 29, Stats. 2012).
- (15) \$213,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the California High School Exit Examination assistance program in Item 6110-204-0001 of the Budget Act of 2012 (Chs. 21 and 29, Stats. 2012).
- (16) ~~\$2,000,000~~4,000,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Instructional Support: Economic Impact Aid for Charter Schools in Schedule (2) of Item 6110-211-0001 of the Budget Act of 2012 (Chs. 21 and 29, Stats. 2012).
- (17) ~~\$2,623,000~~2,673,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Categorical Programs for New Schools in Item 6110-212-0001 of the Budget Act of 2012 (Chs. 21 and 29, Stats. 2012).
- (18) \$36,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the Arts and Music Block Grant in Item 6110-265-0001 of the Budget Act of 2012 (Chs. 21 and 29, Stats. 2012).
- (19) \$22,895,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the Program 98-K–12 Mandated Programs Block Grant in Item 6110-296-0001 of the Budget Act of 2012 (Chs. 21 and 29, Stats. 2012).
- (20) \$1,084,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Supplemental Instruction, Remedial, Grades 7–12 for the purposes of Section 37252 of the Education Code in Schedule (1) of Item 6110-104-0001 of the Budget Act of 2011 (Ch. 33, Stats. 2011), as amended by Section 50 of Chapter 7 of the Statutes of 2011.
- (21) \$84,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Supplemental Instruction, Retained, or Recommended for Retention, Grades 2–9, for the purposes of Section 37252.2 of the Education Code in Schedule (2) of Item 6110-104-0001 of the Budget Act of 2011 (Ch. 33, Stats. 2011), as amended by Section 50 of Chapter 7 of the Statutes of 2011.
- (22) ~~\$15,000~~64,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Supplemental Instruction, Low STAR, Grades 2–6, for the purposes of Section 37252.8 of the Education Code in Schedule (3) of Item 6110-104-0001 of the Budget



Act of 2011 (Ch. 33, Stats. 2011), as amended by Section 50 of Chapter 7 of the Statutes of 2011.

(23) ~~\$64,000~~15,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Supplemental Instruction, Core Academic K–12 for the purposes of Section 37253 of the Education Code in Schedule (4) of Item 6110-104-0001 of the Budget Act of 2011 (Ch. 33, Stats. 2011), as amended by Section 50 of Chapter 7 of the Statutes of 2011.

(24) ~~\$6,940,000~~8,831,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Preschool Education and Child Care Services in Schedule (1) of Item 6110-196-0001 of the Budget Act of 2011 (Ch. 33, Stats. 2011).

(25) \$11,713,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the After School Education and Safety Program in the 2011–12 fiscal year pursuant to Section 8483.5 of the Education Code.

(26) ~~\$93,000~~7,377,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the After School Education and Safety Program in the 2012–13 fiscal year pursuant to Section 8483.5 of the Education Code.

(27) \$100,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the Golden State Merit Diploma in Item 6110-679-0001 pursuant to Section 47 of Chapter 204 of the Statutes of 1996.

(28) \$45,757,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the Quality Education Investment Act of 2006 in the 2012–13 fiscal year pursuant to Section 52055.780 of the Education Code.

(29) \$289,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Home to School Transportation small school district bus replacement in Schedule (2) of Item 6110-111-0001 of the Budget Act of 2011 (Ch. 33, Stats. 2011).

(30) \$1,400,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Adults in Correctional Facilities in Item 6110-158-0001 of the Budget Act of 2011 (Ch. 33, Stats. 2011).

(31) \$100,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the Early Education Program for Individuals with Exceptional Needs in Schedule (2) of Item 6110-161-0001 of the Budget Act of 2011 (Ch. 33, Stats. 2011).

(32) \$217,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for "Clean" Technology Partnership Academies in Schedule (3) of Item 6110-166-0001 of the Budget Act of 2011 (Ch. 33, Stats. 2011).

(33) \$48,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Categorical Programs for New Schools in Item 6110-212-0001 of the Budget Act of 2011 (Ch. 33, Stats. 2011).

(34) \$36,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Educational Services for Foster Youth in Item 6110-119-0001 of the Budget Act of 2012 (Chs. 21 and 29, Stats. 2012).

(35) \$13,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Assessment Review and Reporting in Schedule (1) of Item 6110-113-0001 of the Budget Act of 2013 (Ch. 20, Stats. 2013).

(36) \$722,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Special Education Programs for Exceptional Children in Schedule (1) of Item 6110-161-0001 of the Budget Act of 2013 (Ch. 20, Stats. 2013).

(37) \$1,148,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Supplemental Instruction, Remedial, Grades 7–12 for the purposes of Section 37252 of the Education Code in Schedule (1) of Item 6110-104-0001 of the Budget Act of 2012 (Chs. 21 and 29, Stats. 2012), as amended by Section 92 of Chapter 38 of the Statutes of 2012.

(38) \$95,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Supplemental Instruction, Retained, or Recommended for Retention, Grades 2–9, for the purposes of Section 37252.2 of the Education Code in Schedule (2) of Item 6110-104-0001 of the Budget Act of 2012 (Chs. 21 and 29, Stats. 2012), as amended by Section 92 of Chapter 38 of the Statutes of 2012.

(39) \$18,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Supplemental Instruction, Low STAR, Grades 2–6, for the purposes of Section 37252.8 of the Education Code in Schedule (3) of Item 6110-104-0001 of the Budget Act of 2012 (Chs. 21 and 29, Stats. 2012), as amended by Section 92 of Chapter 38 of the Statutes of 2012.

(40) \$73,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Supplemental Instruction, Core Academic K–12 for the purposes of Section 37253 of the Education Code in Schedule (4) of Item 6110-104-0001 of the Budget Act of 2012 (Chs. 21 and 29, Stats. 2012), as amended by Section 92 of Chapter 38 of the Statutes of 2012.

(41) \$6,600,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for Preschool Education and Child Care Services in Schedule (1) of Item 6110-196-0001 of the Budget Act of 2012 (Chs. 21 and 29, Stats. 2012).

(42) \$974,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the After School Education and Safety Program in the 2013–14 fiscal year pursuant to Section 8483.5 of the Education Code.

(43) \$15,000 or whatever greater or lesser amount of the unexpended balance of the amount appropriated for the Child Nutrition School Breakfast and Summer Food Service Program in Item 6110-201-0001 of the Budget Act of 2012 (Chs. 21 and 29, Stats. 2012).

Provisions:

1. The sum of \$5,546,000 is hereby reappropriated to the State Department of Education for transfer by the Controller to Section A of the State School Fund for allocation by the Superintendent of Public Instruction to support California School Information Services activities authorized pursuant to Schedule (1) of Item 6110-140-0001.

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2. The sum of \$827,000 is hereby reappropriated to the State Department of Education for transfer by the Controller to Section A of the State School Fund for allocation by the

Superintendent of Public Instruction to local educational agencies for activities authorized pursuant to Schedule (2) of Item 6110-140-0001.

3. The sum of \$15,096,000 is hereby reappropriated to the State Department of Education for transfer by the Controller to Section A of the State School Fund for allocation by the Superintendent of Public Instruction for apportionment to reimburse the 2013-14 Adults in Correctional Facilities Program activities authorized pursuant to Item 6110-158-0001 of the Budget Act of 2012 (Chs. 21 and 29, Stats. 2012). Of the amount appropriated in this provision, \$129,000 is to reflect a cost-of-living adjustment.

4. The sum of \$82,195,000 to the School Facilities Program for the purpose of funding the School Facilities Emergency Repair Account pursuant to Chapter 899 of the Statutes of 2004.

5. The sum of \$12,890,000 is hereby reappropriated to the State Department of Education for transfer by the Controller to Section A of the State School Fund for allocation by the Superintendent of Public Instruction for apportionment for special education programs pursuant to Part 30 (commencing with Section 56000) of Division 4 Title 2 of the Education Code.

6. The sum of \$26,689,000 is hereby reappropriated to the State Department of Education for transfer by the Controller to Section A of the State School Fund for allocation by the Superintendent of Public Instruction to the K-12 High-Speed Network for the activities authorized pursuant to provisional language in Item 6110-182-0001."

### **Proposed Trailer Bill**

The May Revision proposes the following trailer bill language changes. Incremental changes to the Governor's Budget proposal are highlighted in bold font.

#### **Principal Apportionment Deferrals**

Section 14041.6 of the Education Code is amended to read:

14041.6 (a) Notwithstanding subdivision (a) of Section 14041, or any other law, for the 2008–09 fiscal year warrants for the principal apportionments for the month of February in the amount of two billion dollars (\$2,000,000,000) instead shall be drawn in July of the same calendar year pursuant to the certification made pursuant to Section 41339.

(b) Notwithstanding subdivision (a) of Section 14041, or any other law, for the 2009–10 fiscal year warrants for the principal apportionments for the month of February in the amount of two billion dollars (\$2,000,000,000) instead shall be drawn in July of the same calendar year and warrants for the month of April in the amount of six hundred seventy-eight million six hundred eleven thousand dollars (\$678,611,000) and for the month of May in the amount of one billion dollars (\$1,000,000,000) instead shall be drawn in August pursuant to the certification made pursuant to Section 41339.

(c) Notwithstanding subdivision (a) of Section 14041, or any other law, for the 2010–11 fiscal year warrants for the principal apportionments for the month of February in the amount of two billion dollars (\$2,000,000,000), for the month of April in the amount of four hundred nineteen million twenty thousand dollars (\$419,020,000), for the month of May in the amount of eight hundred million dollars (\$800,000,000), and for the month of June in the amount of five hundred million dollars (\$500,000,000) instead shall be drawn in July of the same calendar year and warrants for the month of April in the amount of six hundred seventy-eight million six hundred eleven thousand dollars (\$678,611,000) and for the month of May in the amount of one billion dollars (\$1,000,000,000) instead shall be drawn in August pursuant to the certification made pursuant to Section 41339.

(d) Notwithstanding subdivision (a) of Section 14041, or any other law, for the 2011–12 fiscal year warrants for the principal apportionments for the month of February in the amount of two billion dollars (\$2,000,000,000), for the month of April in the amount of four hundred nineteen million twenty thousand dollars (\$419,020,000), for the month of May in the amount of eight hundred million dollars (\$800,000,000), and for the month of June in the amount of five hundred million dollars (\$500,000,000) instead shall be drawn in July of the same calendar year and warrants for the month of March in the amount of one billion three hundred million dollars (\$1,300,000,000) and for the month of April in the amount of one billion four hundred forty-two million four hundred five thousand dollars (\$1,442,405,000) and for the month of May in the amount of one billion dollars (\$1,000,000,000) instead shall be drawn in August pursuant to the certification made pursuant to Section 41339.

(e) Notwithstanding subdivision (a) of Section 14041, or any other law, for the 2012–13 fiscal year warrants for the principal apportionments for the month of February in the amount of five hundred thirty-one million seven hundred twenty thousand dollars (\$531,720,000), for the month of April in the amount of five hundred ninety-four million seven hundred forty-eight thousand dollars (\$594,748,000), for the month of May in the amount of one billion nine hundred seventy-

six million seven hundred one thousand dollars (\$1,976,701,000), and for the month of June in the amount of five hundred million dollars (\$500,000,000) instead shall be drawn in July of the same calendar year and warrants for the month of March in the amount of one billion twenty-nine million four hundred ninety-three thousand dollars (\$1,029,493,000) and for the month of April in the amount of seven hundred sixty-three million seven hundred ninety-four thousand dollars (\$763,794,000) instead shall be drawn in August pursuant to the certification made pursuant to Section 41339.

(f) Notwithstanding subdivision (a) of Section 14041, or any other law, ~~commencing with~~ for the 2013–14 fiscal year, warrants for the principal apportionments for the month of April in the amount of nine hundred seventeen million five hundred forty-two thousand dollars (\$917,542,000), for the month of May in the amount of two billion one hundred fifty-two million four hundred thirty thousand dollars (\$2,152,430,000), and for the month of June in the amount of five hundred million dollars (\$500,000,000) instead shall be drawn in July of the same calendar year pursuant to the certification made pursuant to Section 41339.

(g) Notwithstanding subdivision (a) of Section 14041 or any other law, ~~commencing with~~ for the 2013–14 fiscal year, warrants for the principal apportionments for the month of May in the amount of two hundred million dollars (\$200,000,000) and for the month of June in the amount of six hundred ninety-nine million four hundred seventy-three thousand dollars (\$699,473,000) instead shall be drawn in July of the same calendar year pursuant to the certification made pursuant to Section 41339. The Superintendent shall allocate this deferred amount and repayment to local educational agencies based on their proportionate share of funding appropriated to local educational agencies pursuant to Section 92 of Chapter 38 of the Statutes of 2012.

(h) Except as provided in subdivisions (c) and (e) of Section 41202, for purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the warrants drawn pursuant to subdivisions (a) to (g), inclusive, shall be deemed to be "General Fund revenues appropriated for school districts," as defined in subdivision (c) of Section 41202, for the fiscal year in which the warrants are drawn and included within the "total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B," as defined in subdivision (e) of Section 41202, for the fiscal year in which the warrants are drawn.

(i) Notwithstanding subdivision (h), for purposes of making the computations required by Section 8 of Article XVI of the California Constitution, one billion five hundred ninety million four hundred forty-nine thousand dollars (\$1,590,449,000) of the warrants drawn in August of 2013 pursuant to subdivision (e) shall be deemed to be "General Fund revenues appropriated for school districts," as defined in subdivision (c) of Section 41202, for the 2012–13 fiscal year, and included within the "total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B," as defined in subdivision (e) of Section 41202, for the 2012–13 fiscal year.

(j) Notwithstanding subdivision (h), for purposes of making the computations required by Section 8 of Article XVI of the California Constitution, one billion ~~eight hundred twelve million eight hundred eighty two~~ **eight hundred ninety-four million seven hundred twenty** thousand dollars ~~(\$1,812,880,000)~~ **(\$1,294,720,000)** of the warrants drawn in July 2014 pursuant to subdivisions (f) and (g) shall be deemed to be "General Fund revenues appropriated for school districts," as defined in subdivision (c) of Section 41202, for the 2012–13 fiscal year, and included within the "total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B," as defined in subdivision (e) of Section 41202, for the 2012–13 fiscal year.

(k) Notwithstanding subdivision (h), for purposes of making the computations required by Section 8 of Article XVI of the California Constitution, ~~one billion five hundred twenty million~~

two hundred thirteen two billion seven hundred eighty million five hundred twenty-six thousand dollars (\$1,520,213,000 \$2,780,526,000) of the warrants drawn in August 2014 pursuant to subdivisions (f) and (g) shall be deemed to be "General Fund revenues appropriated for school districts," as defined in subdivision (c) of Section 41202, for the 2013–14 fiscal year, and included within the "total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B," as defined in subdivision (e) of Section 41202, for the 2013–14 fiscal year.

### **Transfer School Building Aid Funds to Emergency Repair Program**

Section 17080 of the Education Code is amended to read: (New for May Revision)

17080. (a) Notwithstanding any other provision of law, whenever moneys transferred to the General Fund each year from (1) moneys deposited in the Public School Building Loan Fund pursuant to Section 15735, and (2) moneys deposited in the State School Building Aid Fund pursuant to Section 16080, are in excess of the amounts required to reimburse the General Fund on account of principal and interest due and payable for that fiscal year on all school building aid bonds outstanding against the state, an amount equal to such excess is appropriated from the General Fund for purposes of the ~~Leroy F. Greene State School Building Lease Purchase Law of 1976 (Chapter 12 (commencing with Section 17000)) and Section 47584 School Facilities Emergency Repair Account, established pursuant to Section 17592.71.~~ The Controller shall transfer, ~~as directed by the State Allocation Board,~~ such appropriated amount to the ~~State School Building Lease Purchase Fund and to the State School Deferred Maintenance Fund, which is hereby established~~ School Facilities Emergency Repair Account. (b) ~~In addition to the amount transferred pursuant to subdivision (a), the Controller shall transfer annually from the General Fund to the State School Deferred Maintenance Fund an amount equal to any amount transferred to or deposited in the General Fund as a result of repayment of any loan made by the board pursuant to Section 17005.15.~~ (c) ~~Notwithstanding Section 13340 of the Government Code, the State School Deferred Maintenance Fund is continuously appropriated for the purposes for which it is established.~~

### **Charter Schools Offering Classes to Adults in Correctional Facilities**

Section 41841.9 is added to the Education Code to read: (New for May Revision)

41841.9. (a) Commencing in the 2014-15 fiscal year and each fiscal year thereafter, this article shall apply to charter schools that prior to 2014-15 did not offer classes to adults in correctional facilities. (b) This section shall remain in effect only until June 30, 2015, and as of that date is repealed, unless a later enacted statute, that is enacted before June 30, 2015, deletes or extends that date.

### **Workforce Investment Act Affiliated Charter Schools LCFF Apportionments for Adult Average Daily Attendance**

Section 47612.1 of the Education Code is amended to read: (New for May Revision)

47612.1. Except for the requirement that a pupil be a California resident, subdivision (b) of Section 47612 shall not apply to a charter school program that commenced operation prior to June 1, 2014, and provides instruction exclusively in partnership with any of the following:

- (a) The federal Workforce Investment Act of 1998 (Pub. L. No. 105-220; 29 U.S.C. Sec. 2801, et seq.).
- (b) Federally affiliated Youth Build programs.
- (c) Federal job corps training or instruction provided pursuant to a memorandum of understanding with the federal provider.
- (d) The California Conservation Corps or local conservation corps certified by the California Conservation Corps pursuant to Sections 14406 or 14507.5 of the Public Resources Code.
- (e) This section shall remain in effect only until June 30, 2015, and as of that date is repealed, unless a later enacted statute, that is enacted before June 30, 2015, deletes or extends that date.

Section 47612.1 of the Education Code is added to read: (New for May Revision)

47612.1. Except for the requirement that a pupil be a California resident, subdivision (b) of Section 47612 shall not apply to a charter school program that provides instruction exclusively in partnership with any of the following:

- (a) The federal Workforce Investment Act of 1998 (Pub. L. No. 105-220; 29 U.S.C. Sec. 2801, et seq.).
- (b) Federally affiliated Youth Build programs.
- (c) Federal job corps training or instruction provided pursuant to a memorandum of understanding with the federal provider.
- (d) The California Conservation Corps or local conservation corps certified by the California Conservation Corps pursuant to Sections 14406 or 14507.5 of the Public Resources Code.
- (e) This section shall become operative on July 1, 2015.

### **Independent Study Instructional Flexibility**

Section 47612.5 of the Education Code is amended to read:

47612.5. (a) ~~Notwithstanding any other provision of law and as a condition of apportionment,~~ a charter school shall do all of the following:

(1) For each fiscal year, offer, at a minimum, the following number of minutes of instruction:

- (A) To pupils in kindergarten, 36,000 minutes.
- (B) To pupils in grades 1 to 3, inclusive, 50,400 minutes.
- (C) To pupils in grades 4 to 8, inclusive, 54,000 minutes.
- (D) To pupils in grades 9 to 12, inclusive, 64,800 minutes.

(2) Maintain written contemporaneous records that document all pupil attendance and make these records available for audit and inspection.

(3) Certify that its pupils have participated in the state testing programs specified in Chapter 5 (commencing with Section 60600) of Part 33 in the same manner as other pupils attending public schools as a condition of apportionment of state funding.

(b) ~~Notwithstanding any other provision of law and except to the extent inconsistent with this section and Section 47634.2, a charter school that provides independent study shall comply with Article 5.5 (commencing with Section 51745) of Chapter 5 of Part 28 and implementing regulations adopted thereunder. The State Board of Education~~ state board shall adopt regulations that apply this article to charter schools. To the extent that these regulations concern the qualifications of instructional personnel, ~~the State Board of Education~~ state board shall be guided by subdivision (I) of Section 47605.

(c) A reduction in apportionment made pursuant to subdivision (a) shall be proportional to the magnitude of the exception that causes the reduction. For purposes of paragraph (1) of subdivision (a), for each charter school that fails to offer pupils the minimum number of minutes of instruction specified in that paragraph, the Superintendent shall withhold from the charter school's apportionment for average daily attendance of the affected pupils, by grade level, the

sum of that apportionment multiplied by the percentage of the minimum number of minutes of instruction at each grade level that the charter school failed to offer.

(d) (1) Notwithstanding any other ~~provision of law~~ and except as provided in paragraph (1) of subdivision (e), a charter school that has an approved charter may receive funding for nonclassroom-based instruction only if a determination for funding is made pursuant to Section 47634.2 by the ~~State Board of Education~~ state board. The determination for funding shall be subject to any conditions or limitations the ~~State Board of Education~~ state board may prescribe. The ~~State Board of Education~~ state board shall adopt regulations on or before February 1, 2002, that define and establish general rules governing nonclassroom-based instruction that apply to all charter schools and to the process for determining funding of nonclassroom-based instruction by charter schools offering nonclassroom-based instruction other than the nonclassroom-based instruction allowed by paragraph (1) of subdivision (e). Nonclassroom-based instruction includes, but is not limited to, independent study, home study, work study, and distance and computer-based education. In prescribing any conditions or limitations relating to the qualifications of instructional personnel, the ~~State Board of Education~~ state board shall be guided by subdivision (l) of Section 47605.

(2) Except as provided in paragraph (2) of subdivision (b) of Section 47634.2, a charter school that receives a determination pursuant to subdivision (b) of Section 47634.2 is not required to reapply annually for a funding determination of its nonclassroom-based instruction program if an update of the information the ~~State Board of Education~~ state board reviewed when initially determining funding would not require material revision, as that term is defined in regulations adopted by the state board. A charter school that has achieved a rank of 6 or greater on the Academic Performance Index for the two years immediately ~~prior to~~ before receiving a funding determination pursuant to subdivision (b) of Section 47634.2 shall receive a five-year determination and is not required to annually reapply for a funding determination of its nonclassroom-based instruction program if an update of the information the ~~State Board of Education~~ state board reviewed when initially determining funding would not require material revision, as that term is defined in regulations adopted by the state board. Notwithstanding any ~~provision of law~~, the ~~State Board of Education~~ state board may require a charter school to provide updated information at any time it determines that a review of that information is necessary. The ~~State Board of Education~~ state board may terminate a determination for funding if updated or additional information requested by the state board is not made available to the state board by the charter school within a reasonable amount of time or if the information otherwise supports termination. A determination for funding pursuant to Section 47634.2 may not exceed five years.

(3) A charter school that offers nonclassroom-based instruction in excess of the amount authorized by paragraph (1) of subdivision (e) is subject to the determination for funding requirement of Section 47634.2 to receive funding each time its charter is renewed or materially revised pursuant to Section 47607. A charter school that materially revises its charter to offer nonclassroom-based instruction in excess of the amount authorized by paragraph (1) of subdivision (e) is subject to the determination for funding requirement of Section 47634.2.

(e) (1) Notwithstanding any other ~~provision of law~~, and as a condition of apportionment, "classroom-based instruction" in a charter school, for the purposes of this part, occurs only when charter school pupils are engaged in educational activities required of those pupils and are under the immediate supervision and control of an employee of the charter school who possesses a valid teaching certification in accordance with subdivision (l) of Section 47605. For purposes of calculating average daily attendance for classroom-based instruction apportionments, at least 80 percent of the instructional time offered by the charter school shall be at the schoolsite, and the charter school shall require the attendance of all pupils for whom a classroom-based apportionment is claimed at the schoolsite for at least 80 percent of the minimum instructional time required to be offered pursuant to paragraph (1) of subdivision ~~(a) of Section 47612.5~~. (a). For purposes of this part, "classroom-based instruction" includes independent study courses and schoolsite-based courses authorized pursuant to Sections 51749.5 and 51749.6, respectfully respectively.



(2) For the purposes of this part, "nonclassroom instruction" or "nonclassroom-based instruction" means instruction that does not meet the requirements specified in paragraph (1). The ~~State Board of Education~~ state board may adopt regulations pursuant to paragraph (1) of subdivision (d) specifying other conditions or limitations on what constitutes nonclassroom-based instruction, as it deems appropriate and consistent with this part.

(3) For purposes of this part, a schoolsite is a facility that is used principally for classroom instruction.

(4) Notwithstanding any other provision of law, neither the ~~State Board of Education~~, state board, nor the Superintendent may waive the requirements of paragraph (1) of subdivision (a).

Section 51745.6 of the Education Code is amended to read:

51745.6. (a) ~~(1)~~ The ratio of average daily attendance for independent study, or schoolsite-based blended learning, pupils 18 years of age or less to school district full-time equivalent certificated employees responsible for independent study, study, or schoolsite-based blended learning, **by for the applicable grade span**, calculated as specified by the ~~State Department of Education~~, department, shall not exceed the equivalent ratio of pupils to full-time certificated employees for all other educational programs operated by the ~~school district~~. district for the applicable grade span, unless a new higher or lower grade span ratio for all other educational programs offered within the respective grade span is negotiated in a collective bargaining agreement or a memorandum of understanding is entered into that indicates an existing collective bargaining agreement contains an alternative grade span ratio for the applicable grade span. The ratio of average daily attendance for independent study, or schoolsite-based blended learning, pupils 18 years of age or less to county office of education full-time equivalent certificated employees responsible for independent study, study, or schoolsite-based blended learning, **for the applicable grade span** to be calculated in a manner prescribed by the ~~State Department of Education~~, department, shall not exceed the equivalent ratio of pupils to full-time certificated employees for all other educational programs operated by the high school or unified school district with the largest average daily attendance of pupils in that ~~county~~. county for the applicable grade span, unless a new higher or lower grade span ratio for all other educational programs offered within the respective grade span is negotiated in a collective bargaining agreement or a memorandum of understanding is entered into that indicates an existing collective bargaining agreement contains an alternative grade span ratio for the applicable grade span. The computation of ~~these~~ the ratios shall be performed annually by the reporting agency at the time of, and in connection with, the second principal apportionment report to the ~~Superintendent of Public Instruction~~. Superintendent.

(2) For purposes of this section, the following grade spans shall apply:

(A) Kindergarten and grades 1 to 3, inclusive.

(B) Grades 4 to 6, inclusive.

(C) Grades 7 to 8, inclusive.

(D) Grades 9 to 12, inclusive.

(b) Only those units of average daily attendance for independent study, or schoolsite-based blended learning, that reflect a pupil-teacher ratio that does not exceed the ratio applicable grade span ratios described in subdivision (a) shall be eligible for apportionment pursuant to Section ~~42238.5~~, 42238.05, for school districts, and Section ~~2558~~, 2575, for county offices of education. Nothing in this section shall prevent a school district or county office of education from serving additional units of average daily attendance greater than the ratio applicable grade span ratios described in subdivision (a), except that those additional units shall not be funded pursuant to Section ~~42238.5~~ 42238.05 or Section ~~2558~~. 2575. **If a school district, charter school, or county office of education has a memorandum of understanding to provide instruction in coordination with a school district, charter school, or county office of education at which a pupil is enrolled, then the applicable grade span ratios that shall be used pursuant to this paragraph are the ratios for the agency providing the independent study program pursuant to Section 51749.5 or Section 51749.6 to the pupil.**

(c) The calculations performed for purposes of this section shall not include either of the following:

(1) The average daily attendance generated by special education pupils enrolled in special day classes on a full-time basis, or the teachers of those classes.

(2) The average daily attendance or teachers in necessary small schools that are eligible to receive funding pursuant to Article 4 (commencing with Section 42280) of Chapter 7 of Part 24.

~~(d) The pupil-teacher ratio described in subdivision (a) in a unified school district participating in the class-size reduction program pursuant to Chapter 6.10 (commencing with Section 52120) may, at the school district's option, be calculated separately for kindergarten and grades 1 to 6, inclusive, and for grades 7 to 12, inclusive.~~

~~(e)~~

~~(d)~~ The applicable pupils-to-certificated-employee ratio grade span ratios described in subdivision (a) may, in a charter school, be calculated by using a fixed pupils-to-certificated-employee ratio of 25 to one, or by being a ratio of less than 25 pupils per certificated employee. All charter school pupils, regardless of age, shall be included in the applicable pupil-to-certificated-employee grade span ratio calculations.

Section 51747 of the Education Code is amended to read:

(New for May Revision)

51747. A school district or county office of education shall not be eligible to receive apportionments for independent study by pupils, regardless of age, unless it has adopted written policies, and has implemented those policies, pursuant to rules and regulations adopted by the Superintendent of Public Instruction, that include, but are not limited to, all of the following:

(a) The maximum length of time, by grade level and type of program, that may elapse between the time an independent study assignment is made and the date by which the pupil must complete the assigned work.

(b) The number of missed assignments that will be allowed before an evaluation is conducted to determine whether it is in the best interests of the pupil to remain in independent study, or whether he or she should return to the regular school program. A written record of the findings of any evaluation made pursuant to this subdivision shall be treated as a mandatory interim pupil record. The record shall be maintained for a period of three years from the date of the evaluation and, if the pupil transfers to another California public school, the record shall be forwarded to that school.

(c) A requirement that a current written agreement for each independent study pupil shall be maintained on file including, but not limited to, all of the following:

(1) The manner, time, frequency, and place for submitting a pupil's assignments and for reporting his or her progress.

(2) The objectives and methods of study for the pupil's work, and the methods utilized to evaluate that work.

(3) The specific resources, including materials and personnel, that will be made available to the pupil.

(4) A statement of the policies adopted pursuant to subdivisions (a) and (b) regarding the maximum length of time allowed between the assignment and the completion of a pupil's assigned work, and the number of missed assignments allowed prior to an evaluation of whether or not the pupil should be allowed to continue in independent study.

(5) The duration of the independent study agreement, including the beginning and ending dates for the pupil's participation in independent study under the agreement. No independent study agreement shall be valid for any period longer than one school year, ~~semester, or one-half year for a school on a year-round calendar.~~

(6) A statement of the number of course credits or, for the elementary grades, other measures of academic accomplishment appropriate to the agreement, to be earned by the pupil upon completion.

(7) The inclusion of a statement in each independent study agreement that independent study is an optional educational alternative in which no pupil may be required to participate. In the case of a pupil who is referred or assigned to any school, class, or program pursuant to Section 48915 or 48917, the agreement also shall include the statement that instruction may be provided to the pupil through independent study only if the pupil is offered the alternative of classroom instruction.

(8) Each written agreement shall be signed, prior to the commencement of independent study, by the pupil, the pupil's parent, legal guardian, or caregiver, if the pupil is less than 18 years of age, the certificated employee who has been designated as having responsibility for the general supervision of independent study, and all persons who have direct responsibility for providing assistance to the pupil. For purposes of this paragraph "caregiver" means a person who has met the requirements of Part 1.5 (commencing with Section 6550) of the Family Code.

(9) A signed written agreement may be maintained on file electronically.

Section 51747.5 of the Education Code is amended to read:

51747.5. (a) The independent study by each pupil ~~or student~~ shall be coordinated, evaluated, and, notwithstanding subdivision (a) of Section 46300, shall be under the general supervision of an employee of the school ~~district~~ district, charter school, or county office of education who possesses a valid certification document pursuant to Section 44865 or an emergency credential pursuant to Section 44300, registered as required by law.

(b) School ~~districts~~ districts, charter schools, and county offices of education may claim apportionment credit for independent study only to the extent of the time value of pupil ~~or student~~ work products, as personally judged in each instance by a certificated teacher.

(c) For purposes of this section, school districts, charter schools, and county offices of education shall not be required to sign and date pupil work products when assessing the time value of pupil work products for apportionment purposes.

Section 51749.5 of the Education Code is amended to read:

51749.5. (a) Notwithstanding any other law, and commencing with the 2014–15 school year, a school district, charter school, or county office of education may, for pupils enrolled in grades 9 to 12, inclusive, provide independent study courses pursuant to the following conditions:

(1) The governing board ~~or body~~ of a participating school district, charter school, or county office of education adopts policies, at a public **hearing meeting**, that comply with the requirements of this section and any applicable regulations adopted by the state board.

(2) A signed learning agreement is completed and on file pursuant to Section 51749.7.

(3) Courses are taught under the general supervision of certificated employees who hold the appropriate subject matter credential pursuant to Section 44300 or 44865, or subdivision (l) of Section 47605, meet the requirements for highly qualified teachers pursuant to the federal No Child Left Behind Act of 2001 (20 U.S.C. Sec. 6301 et seq.), and are employed by the school district, charter school, or county office of education at which the pupil is enrolled, or by a school district, charter school, or county office of education that has a memorandum of understanding to provide the instruction in coordination with the school district, charter school, or county office of education at which the pupil is enrolled.

(4) (A) Courses are annually certified, by school district, charter school, or county office of education governing board ~~or body~~ resolution, to be of the same rigor and educational quality as equivalent classroom-based courses, **including and shall be aligned to** all relevant local and state content standards.

(B) This certification shall, at a minimum, include the duration, number of equivalent daily instructional minutes for each school day that a pupil is enrolled, number of equivalent total instructional minutes, and number of course credits for each course. This information shall be consistent with that of equivalent classroom-based courses.

(5) Pupils enrolled in courses authorized by this section shall meet the applicable age requirements established pursuant to Sections 46300.1, 46300.4, 47612, and 47612.1.

(6) Pupils enrolled in courses authorized by this section shall meet the applicable residency and enrollment requirements established pursuant to Sections 46300.2, 47612, 48204, and 51747.3.

(7) (A) Certificated employees and each pupil shall communicate in-person, by telephone, or by any other live visual or audio connection **at least once per week no less than twice per calendar month** to assess whether each pupil is making satisfactory educational progress.

(B) For purposes of this section, satisfactory educational progress includes, but is not limited to, applicable statewide accountability measures **and assessments** and the completion of assignments, examinations, or other indicators that evidence that the pupil is working on assignments, learning required concepts, and progressing toward successful completion of the course, as determined by certificated employees providing instruction.

(C) If satisfactory educational progress is not being made, certificated employees providing instruction shall notify the pupil and, if the pupil is less than 18 years of age, the pupil's parent or legal guardian, and conduct an evaluation to determine whether it is in the best interest of the pupil to remain in the course or whether he or she should **return be referred to an alternative program, which may include, but is not limited to,** a regular school program. A written record of the findings of an evaluation made pursuant to this subdivision shall be treated as a mandatory interim pupil record. The record shall be maintained for a period of three years from the date of the evaluation and, if the pupil transfers to another California public school, the record shall be forwarded to that school.

(D) Written or computer-based evidence of satisfactory educational progress, as defined in subparagraph (B) **of this paragraph**, shall be retained for each course and pupil. At a minimum, this evidence shall include a grade book or summary document that, for each course, lists all assignments, examinations, and associated grades.

(8) ~~Examinations given to pupils shall include a A~~ proctor **shall administer examinations, or other reliable method to ensure exam integrity.**

(9) (A) **Statewide testing results for pupils enrolled in any course authorized pursuant to this section shall be reported and assigned to the school or charter school in which the pupil is enrolled, and to any school district, charter school or county office of education within which that school's testing results are aggregated.**

(B) **Statewide testing results for pupils enrolled in a course or courses pursuant to this section may be disaggregated for purposes of comparing the testing results of those pupils to the testing results of pupils enrolled in classroom-based courses.**

(10) A pupil shall not be required to enroll in courses authorized by this section.

~~(10)~~ (11) The pupil-to-certificated employee ratio limitations established pursuant to Section 51745.6 are applicable to courses authorized by this section.

~~(11)~~ (12) For each pupil, the combined equivalent daily instructional minutes for enrolled courses authorized by this section and enrolled courses authorized by all other laws and regulations shall meet the **applicable** minimum instructional day requirements **applicable to the local educational agency**. Pupils enrolled in courses authorized by this section shall be offered the minimum annual total equivalent instructional minutes pursuant to Sections 46200 to 46208, inclusive, and Section 47612.5.

(b) For purposes of computing average daily attendance for each pupil enrolled in one or more courses authorized by this section, the following computations shall apply:

(1) (A) For each school day, add the combined equivalent daily instructional minutes, as certified in paragraph (4) of subdivision (a), for courses authorized by this section in which the pupil is enrolled.

(B) For each school day, add the combined daily instructional minutes of courses authorized by all other laws and regulations in which the pupil is enrolled and for which the pupil meets applicable attendance requirements.

(C) For each school day, add the sum of subparagraphs (A) and (B).

(2) If subparagraph (C) of paragraph (1) **of this subdivision** meets applicable minimum school day requirements for each school day, credit each school day that the pupil is demonstrating satisfactory educational progress pursuant to the requirements of this section, with up to one school day of attendance.

(3) (A) Using credited school day attendance pursuant to paragraph (2) **of this subdivision**, calculate average daily attendance pursuant to Section 41601 or 47612, whichever is applicable, for each pupil.

(B) The average daily attendance computed pursuant to this subdivision shall not result in more than one unit of average daily attendance per pupil.

(4) Notwithstanding any other law, average daily attendance computed for pupils enrolled in courses authorized by this section shall not be credited with average daily attendance other than what is specified in this section.

**(5) If more than 10 percent of the average daily attendance of a school district, charter school or county office of education is claimed through this section, then the average daily attendance for all pupils enrolled by that school district, charter school or county office of education in courses authorized by this section in excess of 10 percent shall be reduced by the statewide average rate of absence for high school districts, as calculated by the department for the prior fiscal year, with the resultant figures and ranges rounded to the nearest integer.**

**(c) Nothing in this section shall be deemed to prohibit the right to collectively bargain any subject within the scope of representation pursuant to Government Code section 3543.2.**

Section 51749.6 of the Education Code is amended to read:

51749.6. (a) Notwithstanding any other law, and commencing with the 2014–15 school year, a school district, charter school, or county office of education may, for pupils enrolled in kindergarten and grades 1 to 12, inclusive, provide schoolsite-based blended learning courses pursuant to the following conditions:

(1) The governing board ~~or body~~ of a participating school district, charter school, or county office of education adopts policies, at a public **hearing meeting**, that comply with the requirements of this section and any applicable regulations adopted by the state board.

(2) A signed learning agreement is completed and on file pursuant to Section 51749.7.

(3) (A) Courses are taught under the general supervision of certificated employees who hold the appropriate subject matter credential pursuant to Section 44300 or 44865, or subdivision (I) of Section 47605, meet the requirements for highly qualified teachers pursuant to the federal No Child Left Behind Act of 2001 (20 U.S.C. Sec. 6301 et seq.), and are employed by the school district, charter school, or county office of education at which the pupil is enrolled.

(B) Pupils must be at a physical schoolsite each day school is in session and under the immediate supervision of a school district, charter school, or county office of education paraprofessional, as defined in Section 44392, in coordination with the certificated employee teaching the course or under the immediate supervision of the certificated employee teaching the course.

(4) (A) Courses are annually certified, through school district, charter school, or county office of education governing board ~~or body~~ resolution, to be of the same rigor and educational quality as equivalent classroom-based courses **including all and shall be aligned to** relevant local and state content standards.

(B) This certification shall, at a minimum, include the duration, number of equivalent daily instructional minutes for each school day that a pupil is enrolled, number of equivalent total

instructional minutes, and number of course credits for each course. This information shall be consistent with that of equivalent classroom-based courses.

(5) Pupils enrolled in courses authorized by this section shall meet the applicable age requirements established pursuant to Sections 46300.1, 46300.4, 47612, and 47612.1.

(6) Pupils enrolled in courses authorized by this section shall meet the applicable residency and enrollment requirements established pursuant to Sections 46300.2, 47612, 48204, and 51747.3.

(7) (A) ~~Certificated employees and each pupil shall communicate in-person, by telephone, or by any other live visual or audio connection at least once per week to assess whether each pupil is making satisfactory educational progress.~~

(B) For purposes of this section, satisfactory educational progress includes, but is not limited to, applicable statewide accountability measures, ~~and assessments~~ and the completion of assignments, examinations, or other indicators that evidence that the pupil is working on assignments, learning required concepts, and progressing toward successful completion of the course, as determined by certificated employees providing instruction.

(C) If satisfactory educational progress is not being made, certificated employees providing instruction shall notify the pupil and, if the pupil is less than 18 years of age, the pupil's parent or legal guardian, and conduct an evaluation to determine whether it is in the best interest of the pupil to remain in the course or whether he or she should return to be referred to an alternative program, which may include, but is not limited to, a regular school program. A written record of the findings of any evaluation made pursuant to this subdivision shall be treated as a mandatory interim pupil record. The record shall be maintained for a period of three years from the date of the evaluation and, if the pupil transfers to another California public school, the record shall be forwarded to that school.

(D) Written or computer-based evidence of satisfactory educational progress, as defined in subparagraph (B) of this paragraph, shall be retained for each course and pupil. At a minimum, this evidence shall include a grade book or summary document that, for each course, lists all assignments, examinations, and associated grades.

(8) ~~Examinations given to pupils shall include a~~ A proctor shall be used to administer examinations, or other reliable method to ensure exam integrity.

(9) (A) Statewide testing results for pupils enrolled in any course authorized pursuant to this section shall be reported and assigned to the school or charter school in which the pupil is enrolled, and to any school district, charter school or county office of education within which that school's testing results are aggregated.

(B) Statewide testing results for pupils enrolled in a course or courses pursuant to this section may be disaggregated for purposes of comparing the testing results of those pupils to the testing results of pupils enrolled in classroom-based courses.

(10) A pupil shall not be required to enroll in the courses authorized by this section.

~~(10)~~ (11) The pupil-to-certificated employee ratio limitations established pursuant to Section 51745.6 are applicable to courses authorized by this section.

~~(11)~~ (12) For each pupil, the combined equivalent daily instructional minutes for enrolled courses authorized by this section and enrolled courses authorized by all other laws and regulations shall meet applicable minimum instructional day requirements. Pupils enrolled in courses authorized by this section shall be offered the minimum annual total equivalent instructional minutes pursuant to Sections 46200 to 46208, inclusive, and Section 47612.5.

(b) For purposes of computing average daily attendance for each pupil enrolled in one or more courses authorized by this section, the following computations shall apply:

(1) (A) For each school day, add the combined equivalent daily instructional minutes, as certified in paragraph (4) of subdivision (a), for courses authorized by this section in which the pupil is enrolled, at a physical schoolsite, and under the immediate supervision specified in subparagraph (B) of paragraph (3) of subdivision (a).

(B) For each school day, add the combined daily instructional minutes of courses authorized by any other law or regulation in which the pupil is enrolled and for which the pupil meets the applicable attendance requirements.

- (C) For each school day, add the sum of subparagraphs (A) and (B).
- (2) If subparagraph (C) of paragraph (1) **of this subdivision** meets applicable minimum school day requirements for each school day, credit each school day that the pupil is demonstrating satisfactory educational progress pursuant to the requirements of this section and attends school at a physical schoolsite under the immediate supervision, as specified in subparagraph (B) of paragraph (3) of subdivision (a), with up to one school day of attendance.
- (3) (A) Using credited school day attendance pursuant to paragraph (2) **of this subdivision**, calculate the average daily attendance pursuant to Section 41601 or 47612, whichever is applicable, for each pupil.
- (B) The average daily attendance computed pursuant to this subdivision shall not result in more than one unit of average daily attendance per pupil.
- (4) Notwithstanding any other law, average daily attendance computed for pupils enrolled in courses authorized by this section shall not be credited with average daily attendance other than what is specified in this section.
- (c) Nothing in this section shall be deemed to prohibit the right to collectively bargain any subject within the scope of representation pursuant to Government Code section 3543.2.**

Section 51749.7 of the Education Code is amended to read:

- 51749.7. (a) Before enrolling a pupil in a course authorized by Section 51749.5 or 51749.6, each school district, charter school, or county office of education shall provide the pupil and, if the pupil is less than 18 years of age, the pupil's parent or legal guardian, with a written learning agreement that includes all of the following:
- (1) A summary of the policies and procedures adopted by the governing board or body of the school district, charter school, or county office of education pursuant to Section 51749.5 or 51749.6, as applicable.
- (2) The duration of the enrolled course or courses, the duration of the learning agreement, and the number of course credits for each enrolled course consistent with the certifications adopted by the governing board or body of the school district, charter school, or county office of education pursuant to Section 51749.5 or 51749.6, as applicable. The duration of a learning agreement shall not exceed a school year or span multiple school years.
- (3) The learning objectives and expectations for each course, including, but not limited to, a description of how satisfactory educational progress is measured and when a pupil evaluation is required to determine whether the pupil should remain in the course or **return to be referred to an alternative program, which may include, but is not limited to,** a regular school program.
- (4) The specific resources, including materials and personnel, that will be made available to the pupil.
- (5) A statement that the pupil is not required to enroll in courses authorized pursuant to Section 51749.5 or 51749.6.
- (b) (1) The learning agreement shall be signed by the pupil and, if the pupil is less than 18 years of age, the pupil's parent or legal guardian, and all certificated employees providing instruction before instruction may commence.
- (2) The signed learning agreement constitutes permission from a pupil's parent or legal guardian, if the student is less than 18 years of age, for the pupil to receive instruction through independent study or schoolsite-based blended learning, as applicable.
- (3) A physical or electronic copy of the signed learning agreement shall be retained by the school district, county office of education, or charter school for at least three years **or as appropriate for auditing purposes.**

(4) For purposes of this section, an electronic copy includes a computer or electronic stored image of an original document, including, but not limited to, portable document format, JPEG, or other digital image file type, that may be sent via fax machine, e-mail, or other electronic means.

**(5) A school district, charter school, or county office of education offering one or more schoolsite-based blended learning courses pursuant to Section 51749.6 may develop one learning agreement, which meets the requirements of this section, per course or courses and provide it to each student enrolled in the course.**

### **Accessible Instructional Materials**

Section 60313 of the Education Code is amended to read:

60313. (a) The Superintendent of Public Instruction ~~shall~~ **may** maintain a central clearinghouse-depository and duplication center for the design, production, modification, and distribution of Braille, large print, special recordings, and other accessible versions of instructional materials for use by pupils with visual impairments or other disabilities who are enrolled in the public schools of California.

(b) Assistive devices placed in the depository shall consist of items designed for use by pupils with visual impairments.

(c) The instructional materials in specialized media shall be available, in a manner determined by the ~~State Board of Education, state board,~~ to other pupils with disabilities enrolled in the public schools of California who are unable to progress in the general curriculum using conventional print copies of textbooks and other study materials.

(d) The specialized textbooks, reference books, recordings, study materials, tangible apparatus, equipment, and other similar items shall be available for use by students with visual impairments enrolled in the public community colleges, the California State University, and the University of California.

**~~(e) The department shall assess a fee on local educational agencies that choose to acquire accessible instructional materials from the department in an amount that is determined by the department.~~**

**~~(f) Revenue derived from fees charged pursuant to subdivision (e) shall be budgeted as reimbursements and subject to review through the annual budget process and may be used to pay costs associated with making accessible instructional materials available pursuant to Section 60312 and this section, for use by pupils with visual impairments or other disabilities who are enrolled in the public schools of California.~~**

**~~(g) Funds formerly allocated to local educational agencies to acquire instructional materials that are included in funding pursuant to Sections 2574, 2575, and 42238.02, as implemented by Section 42238.03, may be used by local educational agencies to pay fees assessed by the department in subdivision (e).~~**



Section 17581.6 of the Government Code is amended to read:

17581.6. (a) Funding apportioned pursuant to this section shall constitute reimbursement pursuant to Section 6 of Article XIII B of the California Constitution for the performance of any state mandates included in the statutes and executive orders identified in subdivision (e).

(b) Any school district, county office of education, or charter school may elect to receive block grant funding pursuant to this section.

(c) (1) A school district, county office of education, or charter school that elects to receive block grant funding pursuant to this section in a given fiscal year shall submit a letter requesting funding to the Superintendent of Public Instruction on or before August 30 of that fiscal year.

(2) The Superintendent of Public Instruction shall, in the month of November of each year, apportion block grant funding appropriated pursuant to Item 6110-296-0001 of Section 2.00 of the annual Budget Act to all school districts, county offices of education, and charter schools that submitted letters requesting funding in that fiscal year according to the provisions of that item.

(3) A school district or county office of education that receives block grant funding pursuant to this section shall not be eligible to submit claims to the Controller for reimbursement pursuant to Section 17560 for any costs of any state mandates included in the statutes and executive orders identified in subdivision (e) incurred in the same fiscal year during which the school district or county office of education received funding pursuant to this section.

(d) Block grant funding apportioned pursuant to this section is subject to annual financial and compliance audits required by Section 41020 of the Education Code.

(e) Block grant funding apportioned pursuant to this section is specifically intended to fund the costs of the following programs and activities:

(1) Academic Performance Index (01-TC-22; Chapter 3 of the Statutes of 1999, First Extraordinary Session; and Chapter 695 of the Statutes of 2000).

(2) Agency Fee Arrangements (00-TC-17 and 01-TC-14; Chapter 893 of the Statutes of 2000 and Chapter 805 of the Statutes of 2001).

(3) AIDS Instruction and AIDS Prevention Instruction (CSM 4422, 99-TC-07, and 00-TC-01; Chapter 818 of the Statutes of 1991; and Chapter 403 of the Statutes of 1998).

(4) California State Teachers' Retirement System (CalSTRS) Service Credit (02-TC-19; Chapter 603 of the Statutes of 1994; Chapters 383, 634, and 680 of the Statutes of 1996; Chapter 838 of the Statutes of 1997; Chapter 965 of the Statutes of 1998; Chapter 939 of the Statutes of 1999; and Chapter 1021 of the Statutes of 2000).

(5) Caregiver Affidavits (CSM 4497; Chapter 98 of the Statutes of 1994).

(6) Charter Schools I, II, and III (CSM 4437, 99-TC-03, and 99-TC-14; Chapter 781 of the Statutes of 1992; Chapters 34 and 673 of the Statutes of 1998; Chapter 34 of the Statutes of 1998; and Chapter 78 of the Statutes of 1999).

(7) Charter Schools IV (03-TC-03; Chapter 1058 of the Statutes of 2002.)

~~(7)~~ (8) Child Abuse and Neglect Reporting (01-TC-21; Chapters 640 and 1459 of the Statutes of 1987; Chapter 132 of the Statutes of 1991; Chapter 459 of the Statutes of 1992; Chapter 311 of the Statutes of 1998; Chapter 916 of the Statutes of 2000; and Chapters 133 and 754 of the Statutes of 2001).

~~(8)~~ (9) Collective Bargaining (CSM 4425; Chapter 961 of the Statutes of 1975).

~~(9)~~ (10) Comprehensive School Safety Plans (98-TC-01 and 99-TC-10; Chapter 736 of the Statutes of 1997; Chapter 996 of the Statutes of 1999; and Chapter 828 of the Statutes of 2003).

~~(10)~~ (11) Consolidation of Annual Parent Notification/Schoolsite Discipline Rules/Alternative Schools (CSM 4488, CSM 4461, 99-TC-09, 00-TC-12, 97-TC-24, CSM 4453, CSM 4474, CSM 4462; Chapter 448 of the Statutes of 1975; Chapter 965 of the Statutes of 1977; Chapter 975 of the Statutes of 1980; Chapter 469 of the Statutes of 1981; Chapter 459 of the Statutes of 1985; Chapters 87 and 97 of the Statutes of 1986; Chapter 1452 of the Statutes of 1987; Chapters 65 and 1284 of the Statutes of 1988; Chapter 213 of the Statutes of 1989; Chapters 10 and 403 of

the Statutes of 1990; Chapter 906 of the Statutes of 1992; Chapter 1296 of the Statutes of 1993; Chapter 929 of the Statutes of 1997; Chapters 846 and 1031 of the Statutes of 1998; Chapter 1 of the Statutes of 1999, First Extraordinary Session; Chapter 73 of the Statutes of 2000; Chapter 650 of the Statutes of 2003; Chapter 895 of the Statutes of 2004; and Chapter 677 of the Statutes of 2005).

(44) ~~(12)~~ Consolidation of Law Enforcement Agency Notification and Missing Children Reports (CSM 4505; Chapter 1117 of the Statutes of 1989 and 01-TC-09; Chapter 249 of the Statutes of 1986; and Chapter 832 of the Statutes of 1999).

(42) ~~(13)~~ Consolidation of Notification to Teachers: Pupils Subject to Suspension or Expulsion I and II, and Pupil Discipline Records (00-TC-10 and 00-TC-11; Chapter 345 of the Statutes of 2000).

~~(13)~~ (14) County Office of Education Fiscal Accountability Reporting (97-TC-20; Chapters 917 and 1452 of the Statutes of 1987; Chapters 1461 and 1462 of the Statutes of 1988; Chapter 1372 of the Statutes of 1990; Chapter 1213 of the Statutes of 1991; Chapter 323 of the Statutes of 1992; Chapters 923 and 924 of the Statutes of 1993; Chapters 650 and 1002 of the Statutes of 1994; and Chapter 525 of the Statutes of 1995).

(44) ~~(15)~~ Criminal Background Checks (97-TC-16; Chapters 588 and 589 of the Statutes of 1997).

(45) ~~(16)~~ Criminal Background Checks II (00-TC-05; Chapters 594 and 840 of the Statutes of 1998; and Chapter 78 of the Statutes of 1999).

**(17) Developer Fees (02-TC-42; Chapter 955 of the Statutes of 1977; Chapter 282 of the Statutes of 1979; Chapter 1354 of the Statutes of 1980; Chapter 201 of the Statutes of 1981; Chapter 923 of the Statutes of 1982; Chapter 1254 of the Statutes of 1983; Chapter 1062 of the Statutes of 1984; Chapter 1498 of the Statutes of 1985; Chapters 136 and 887 of the Statutes of 1986; Chapter 1228 of the Statutes of 1994).**

~~(46)~~ ~~(18)~~ Differential Pay and Reemployment (99-TC-02; Chapter 30 of the Statutes of 1998).

(47) ~~(19)~~ Expulsion of Pupil: Transcript Cost for Appeals (SMAS; Chapter 1253 of the Statutes of 1975).

(48) ~~(20)~~ Financial and Compliance Audits (CSM 4498 and CSM 4498-A; Chapter 36 of the Statutes of 1977).

(49) ~~(21)~~ Graduation Requirements (CSM 4181; Chapter 498 of the Statutes of 1983).

~~(20)~~ ~~(22)~~ Habitual Truants (CSM 4487 and CSM 4487-A; Chapter 1184 of the Statutes of 1975).

(24) ~~(23)~~ High School Exit Examination (00-TC-06; Chapter 1 of the Statutes of 1999, First Extraordinary Session; and Chapter 135 of the Statutes of 1999).

(22) ~~(24)~~ Immunization Records (SB 90-120; Chapter 1176 of the Statutes of 1977).

(23) ~~(25)~~ Immunization Records--Hepatitis B (98-TC-05; Chapter 325 of the Statutes of 1978; Chapter 435 of the Statutes of 1979; Chapter 472 of the Statutes of 1982; Chapter 984 of the Statutes of 1991; Chapter 1300 of the Statutes of 1992; Chapter 1172 of the Statutes of 1994; Chapters 291 and 415 of the Statutes of 1995; Chapter 1023 of the Statutes of 1996; and Chapters 855 and 882 of the Statutes of 1997).

(24) ~~(26)~~ Interdistrict Attendance Permits (CSM 4442; Chapters 172 and 742 of the Statutes of 1986; Chapter 853 of the Statutes of 1989; Chapter 10 of the Statutes of 1990; and Chapter 120 of the Statutes of 1992).

(25) ~~(27)~~ Intradistrict Attendance (CSM 4454; Chapters 161 and 915 of the Statutes of 1993).

(26) ~~(28)~~ Juvenile Court Notices II (CSM 4475; Chapters 1011 and 1423 of the Statutes of 1984; Chapter 1019 of the Statutes of 1994; and Chapter 71 of the Statutes of 1995).

~~(27)~~ ~~(29)~~ Notification of Truancy (CSM 4133; Chapter 498 of the Statutes of 1983; Chapter 1023 of the Statutes of 1994; and Chapter 19 of the Statutes of 1995).

**(30) Parental Involvement Programs (03-TC-16; Chapter 1400 of the Statutes of 1990; Chapter 864 of the Statutes of 1998; Chapter 1031 of the Statutes of 1998; Chapter 1037 of the Statutes of 2002).**

(28) ~~(31)~~ Physical Performance Tests (96-365-01; Chapter 975 of the Statutes of 1995).

- (29) **(32)** Prevailing Wage Rate (01-TC-28; Chapter 1249 of the Statutes of 1978).
- (33)** Public Contracts (02-TC-35; Chapter 1073 of the Statutes of 1985; Chapter 1408 of the Statutes 1988; Chapter 330 of the Statutes of 1989; Chapter 1414 of the Statutes of 1990; Chapter 321 of the Statutes of 1990; Chapter 799 of the Statutes of 1992; Chapter 726 of the Statutes of 1994).
- (30) **(34)** Pupil Health Screenings (CSM 4440; Chapter 1208 of the Statutes of 1976; Chapter 373 of the Statutes of 1991; and Chapter 750 of the Statutes of 1992).
- (34) **(35)** Pupil Promotion and Retention (98-TC-19; Chapter 100 of the Statutes of 1981; Chapter 1388 of the Statutes of 1982; Chapter 498 of the Statutes of 1983; Chapter 1263 of the Statutes of 1990; and Chapters 742 and 743 of the Statutes of 1998).
- (32) **(36)** Pupil Safety Notices (02-TC-13; Chapter 498 of the Statutes of 1983; Chapter 482 of the Statutes of 1984; Chapter 948 of the Statutes of 1984; Chapter 196 of the Statutes of 1986; Chapter 332 of the Statutes of 1986; Chapter 445 of the Statutes of 1992; Chapter 1317 of the Statutes of 1992; Chapter 589 of the Statutes of 1993; Chapter 1172 of the Statutes of 1994; Chapter 1023 of the Statutes of 1996; and Chapter 492 of the Statutes of 2000).
- (33) **(37)** Pupil Expulsions (CSM 4455; Chapter 1253 of the Statutes of 1975; Chapter 965 of the Statutes of 1977; Chapter 668 of the Statutes of 1978; Chapter 318 of the Statutes of 1982; Chapter 498 of the Statutes of 1983; Chapter 622 of the Statutes of 1984; Chapter 942 of the Statutes of 1987; Chapter 1231 of the Statutes of 1990; Chapter 152 of the Statutes of 1992; Chapters 1255, 1256, and 1257 of the Statutes of 1993; and Chapter 146 of the Statutes of 1994).
- (34) **(38)** Pupil Expulsion Appeals (CSM 4463; Chapter 1253 of the Statutes of 1975; Chapter 965 of the Statutes of 1977; Chapter 668 of the Statutes of 1978; and Chapter 498 of the Statutes of 1983).
- (35) **(39)** Pupil Suspensions (CSM 4456; Chapter 965 of the Statutes of 1977; Chapter 668 of the Statutes of 1978; Chapter 73 of the Statutes of 1980; Chapter 498 of the Statutes of 1983; Chapter 856 of the Statutes of 1985; and Chapter 134 of the Statutes of 1987).
- (36) **(40)** School Accountability Report Cards (97-TC-21, 00-TC-09, 00-TC-13, and 02-TC-32; Chapter 918 of the Statutes of 1997; Chapter 912 of the Statutes of 1997; Chapter 824 of the Statutes of 1994; Chapter 1031 of the Statutes of 1993; Chapter 759 of the Statutes of 1992; and Chapter 1463 of the Statutes of 1989).
- (37) **(41)** School District Fiscal Accountability Reporting (97-TC-19; Chapter 100 of the Statutes of 1981; Chapter 185 of the Statutes of 1985; Chapter 1150 of the Statutes of 1986; Chapters 917 and 1452 of the Statutes of 1987; Chapters 1461 and 1462 of the Statutes of 1988; Chapter 525 of the Statutes of 1990; Chapter 1213 of the Statutes of 1991; Chapter 323 of the Statutes of 1992; Chapters 923 and 924 of the Statutes of 1993; Chapters 650 and 1002 of the Statutes of 1994; and Chapter 525 of the Statutes of 1995).
- (38) **(42)** School District Reorganization (98-TC-24; Chapter 1192 of the Statutes of 1980; and Chapter 1186 of the Statutes of 1994).
- (39) **(43)** Student Records (02-TC-34; Chapter 593 of the Statutes of 1989; Chapter 561 of the Statutes of 1993; Chapter 311 of the Statutes of 1998; and Chapter 67 of the Statutes of 2000).
- (40) **(44)** The Stull Act (98-TC-25; Chapter 498 of the Statutes of 1983; and Chapter 4 of the Statutes of 1999).
- (44) **(45)** Threats Against Peace Officers (CSM 96-365-02; Chapter 1249 of the Statutes of 1992; and Chapter 666 of the Statutes of 1995).
- (46)** Uniform Complaint Procedures (03-TC-02; Chapter 1117 of the Statutes of 1982; Chapter 1514 of the Statutes 1988; Chapter 914 of the Statutes of 1998).
- (47)** Williams Case Implementation I, II, and III (05-TC-04, 07-TC-06, and 08-TC-01; Chapters 900, 902, and 903 of the Statutes of 2004; Chapter 118 of the Statutes of 2005; Chapter 704 of the Statutes of 2006; Chapter 526 of the Statutes of 2007)
- (42) **(48)** Pupil Expulsions II, Pupil Suspensions II, and Educational Services Plan for Expelled Pupils (96-358-03, 03A, 98-TC-22, 01-TC-18, 98-TC-23, 97-TC-09; Chapters 972 and 974 of the Statutes of 1995; Chapters 915, 937, and 1052 of the Statutes of 1996; Chapter 637 of the

Statutes of 1997; Chapter 498 of the Statutes of 1998; Chapter 332 of the Statutes of 1999; Chapter 147 of the Statutes of 2000; and Chapter 116 of the Statutes of 2001).

(f) Notwithstanding Section 10231.5, on or before November 1 of each fiscal year, the Superintendent of Public Instruction shall produce a report that indicates the total amount of block grant funding each school district, county office of education, and charter school received in that fiscal year pursuant to this section. The Superintendent of Public Instruction shall provide this report to the appropriate fiscal and policy committees of the Legislature, the Controller, the Department of Finance, and the Legislative Analyst's Office.

### **Special Education Maintenance of Effort**

Add uncodified language as follows:

(New for May Revision)

Uncodified. Of the amount allocated in Schedule (1) of Item 6110-161-0001 of Section 2.00 of the Budget Act of 2012, thirty-two million eight hundred six thousand dollars (\$32,806,000) is provided to fund the 2010-11 fiscal year federal maintenance of effort in the special education program, and of the amount allocated in Schedule (1) of Item 6110-161-0001 of Section 2.00 of the Budget Act of 2013, sixty million five hundred forty-six thousand dollars (\$60,546,000) is also provided to fund the 2010-11 fiscal year maintenance of effort in the special education program.

MAY 13 2014

Attachment III

Proposed Local Control Funding Formula Technical Cleanup Trailer Bill

Local Control Funding Formula

The May Revision proposes the following trailer bill language changes. Incremental changes to the Governor's Budget proposal are highlighted in bold font.

Section 2002 of the Education Code is repealed.

~~2002. The county superintendent of schools shall pay for the tuition of pupils residing in his county and attending school in an adjoining state from the county school tuition fund of his county pursuant to this article.~~

Section 2003 of the Education Code is repealed.

~~2003. The county superintendent of schools may provide for the transportation of such pupils to and from their homes and the school in an adjoining state attended by them. For this purpose the county superintendent of schools is authorized to purchase, maintain, and operate one or more schoolbuses and to contract with a responsible party or parties for the providing of such transportation by such party or parties.~~

~~In lieu of providing such transportation for any such pupil, the county superintendent of schools may pay the parent or guardian of each such pupil five cents (\$0.05) per mile for each mile necessarily traveled by such pupil in going to and from his home and school except that if there is more than one such pupil in the household of the parent or guardian the county superintendent of schools may pay two and one-half cents (\$0.025) for each such mile for each additional pupil in the household. The total amount paid to any parent or guardian hereunder shall not in any month exceed the sum of fifty dollars (\$50) for the one pupil in the household of such parent or guardian and twenty-five dollars (\$25) for each additional pupil in the same household.~~

Section 2004 of the Education Code is repealed.

~~2004. Any costs incurred by the county superintendent of schools for the transportation of pupils to a school in an adjoining state shall be paid by him by requisition drawn against the county school tuition fund.~~

Section 2005 of the Education Code is amended to read:

2005. The superintendent of schools of any school district, or the principal of any school, in an adjoining state attended by pupils residing in an adjoining county in this state shall certify to the county superintendent of schools of the county not later than July 2nd of each year the average daily attendance of pupils from the county attending the school ~~and the current expenditure, including transportation, incurred for the education of the pupils.~~

Section 2009 of the Education Code is repealed.

~~2009. The county superintendent of schools shall pay all costs of transportation and all verified claims for tuition of pupils attending school in adjoining states allowed under this article, by requisition drawn against the county school tuition fund.~~

Section 2554 of the Education Code is repealed.

~~2554. In each fiscal year, beginning with fiscal year 1979-80, for tuition for students attending schools in adjoining states, the Superintendent of Public Instruction shall apportion an amount to each county superintendent sufficient to pay the amounts required or allowed to be paid pursuant to Sections 2002 to 2006, inclusive.~~

Section 2574 of the Education Code is amended to read:

2574. For the 2013-14 fiscal year and for each fiscal year thereafter, the Superintendent annually shall calculate a county local control funding formula for each county superintendent of schools as follows:

(a) Compute a county office of education operations grant equal to the sum of each of the following amounts:

(1) Six hundred fifty-five thousand nine hundred twenty dollars (\$655,920).

(2) One hundred nine thousand three hundred twenty dollars (\$109,320) multiplied by the number of school districts for which the county superintendent of schools has jurisdiction pursuant to Section 1253.

(3) (A) Seventy dollars (\$70) multiplied by the number of units of countywide average daily attendance, up to a maximum of 30,000 units.

(B) Sixty dollars (\$60) multiplied by the number of units of countywide average daily attendance for the portion of countywide average daily attendance, if any, above 30,000 units, up to a maximum of 60,000 units.

(C) Fifty dollars (\$50) multiplied by the number of units of countywide average daily attendance for the portion of countywide average daily attendance, if any, above 60,000, up to a maximum of 140,000 units.

(D) Forty dollars (\$40) multiplied by the number of units of countywide average daily attendance for the portion of countywide average daily attendance, if any, above 140,000 units.

(E) For purposes of this section, countywide average daily attendance means the aggregate number of annual units of average daily attendance within the county attributable to all school districts for which the county superintendent of schools has jurisdiction pursuant to Section 1253, charter schools authorized by school districts for which the county superintendent of schools has jurisdiction, and charter schools authorized by the county superintendent of schools.

(4) For the 2014-15 fiscal year and each fiscal year thereafter, adjust each of the rates provided in the prior year pursuant to paragraphs (1), (2), and (3) by the percentage change in the annual average value of the Implicit Price Deflator for State and Local Government Purchases of Goods and Services for the United States, as published by the United States Department of Commerce for the 12-month period ending in the third quarter of the prior fiscal year. This percentage change shall be determined using the latest data available as of May 10 of the preceding fiscal year compared with the annual average value of the same deflator for the 12-

month period ending in the third quarter of the second preceding fiscal year, using the latest data available as of May 10 of the preceding fiscal year, as reported by the Department of Finance.

(b) Determine the enrollment percentage of unduplicated pupils pursuant to the following:

(1) (A) For the 2013-14 fiscal year, divide the enrollment of unduplicated pupils in all schools operated by a county superintendent of schools in the 2013-14 fiscal year by the total enrollment in those schools in the 2013-14 fiscal year.

(B) For the 2014-15 fiscal year, divide the sum of the enrollment of unduplicated pupils in all schools operated by a county superintendent of schools in the 2013-14 and 2014-15 fiscal years by the sum of the total enrollment in those schools in the 2013-14 and 2014-15 fiscal years.

(C) For the 2015-16 fiscal year and each fiscal year thereafter, divide the sum of the enrollment of unduplicated pupils in all schools operated by a county superintendent of schools in the current fiscal year and the two prior fiscal years by the sum of the total enrollment in those schools in the current fiscal year and the two prior fiscal years.

**(D) For purposes of the computations made in subparagraphs (B) and (C) the Superintendent shall utilize a county superintendent of schools unduplicated pupils and total pupil enrollment for the 2014-15 fiscal year in place of its unduplicated pupils and total pupil enrollment for the 2013-14 fiscal year if doing so would yield an overall greater percentage of unduplicated pupils.**

**(E)** For purposes of determining the enrollment percentage of unduplicated pupils pursuant to this subdivision, enrollment in schools or classes established pursuant to Article 2.5 (commencing with Section 48645) of Chapter 4 of Part 27 of Division 4 of Title 2 and the enrollment of pupils other than the pupils identified in clauses (i) to (iii), inclusive, of subparagraph (A) of paragraph (4) of subdivision (c), shall be excluded from the calculation of the enrollment percentage of unduplicated pupils.

**(F) The data used to determine the unduplicated percentage shall be final once they are no longer used in the current fiscal year unduplicated percentage calculation. This subparagraph does not apply to a change that is due to an audit that has been appealed pursuant to Section 41344.**

(2) For purposes of this section, an "unduplicated pupil" is a pupil who is classified as an English learner, eligible for a free or reduced-price meal, or a foster youth. For purposes of this section, the definitions in Section 42238.01 of an English learner, a pupil eligible for a free or reduced-price meal, and foster youth shall apply. A pupil shall be counted only once for purposes of this section if any of the following apply:

(A) The pupil is classified as an English learner and is eligible for a free or reduced-price meal.

(B) The pupil is classified as an English learner and is a foster youth.

(C) The pupil is eligible for a free or reduced-price meal and is classified as a foster youth.

(D) The pupil is classified as an English learner, is eligible for a free or reduced-price meal, and is a foster youth.

**(3) A county office of education school participating in a special assistance alternative authorized by Section 11(a)(1) of the Richard B. Russell National School Lunch Act may**

establish base year free and reduced-price meal pupil eligibility for all enrolled pupils not less frequently than once every four years provided that the county office of education school determines free and reduced-price meal eligibility for each new enrolled or disenrolled pupil subsequent to establishing a base year. A county office of education school utilizing this alternative process shall annually submit free and reduced-price meal pupil-level records that reflect each pupil's eligibility for a free or reduced-price meal pursuant to paragraph (2) of this subdivision.

~~(3)~~ (4) (A) Under procedures and timeframes established by the Superintendent, commencing with the 2013-14 fiscal year, a county superintendent of schools annually shall report the enrollment of unduplicated pupils, pupils classified as English learners, pupils eligible for free and reduced-price meals, and foster youth in schools operated by the county superintendent of schools to the Superintendent using the California Longitudinal Pupil Achievement Data System.

(B) The Superintendent shall make the calculations pursuant to this section using the data submitted through the California Longitudinal Pupil Achievement Data System.

(C) The Controller shall include instructions, as appropriate, in the audit guide required by subdivision (a) of Section 14502.1, for determining if the data reported by a county superintendent of schools using the California Longitudinal Pupil Achievement Data System is consistent with pupil data records maintained by the county office of education.

(c) Compute an alternative education grant equal to the sum of the following:

(1) (A) For the 2013-14 fiscal year, a base grant equal to the 2012-13 per pupil undeficitated statewide average juvenile court school base revenue limit calculated pursuant to Article 3 (commencing with Section 2550) of Chapter 12, as that article read on January 1, 2013. For purposes of this subparagraph, the 2012-13 statewide average base revenue limit for juvenile court schools shall be considered final as of the annual apportionment for the 2012-13 fiscal year, as calculated for purposes of the certification required on or before February 20, 2014, pursuant to Sections 41332 and 41339.

(B) Commencing with the 2013-14 fiscal year, the per pupil base grant shall be adjusted by the percentage change in the annual average value of the Implicit Price Deflator for State and Local Government Purchases of Goods and Services for the United States, as published by the United States Department of Commerce for the 12-month period ending in the third quarter of the prior fiscal year. This percentage change shall be determined using the latest data available as of May 10 of the preceding fiscal year compared with the annual average value of the same deflator for the 12-month period ending in the third quarter of the second preceding fiscal year, using the latest data available as of May 10 of the preceding fiscal year, as reported by the Department of Finance.

(2) A supplemental grant equal to 35 percent of the base grant described in paragraph (1) multiplied by the enrollment percentage calculated in subdivision (b). The supplemental grant shall be expended in accordance with the regulations adopted pursuant to Section 42238.07.

(3) (A) A concentration grant equal to 35 percent of the base grant described in paragraph (1) multiplied by the greater of either of the following:

- (i) The enrollment percentage calculated in subdivision (b) less 50 percent.
- (ii) Zero.

(B) The concentration grant shall be expended in accordance with the regulations adopted pursuant to Section 42238.07.



(4) (A) Multiply the sum of paragraphs (1), (2), and (3) by the total number of units of average daily attendance for pupils attending schools operated by a county office of education, excluding units of average daily attendance for pupils attending schools or classes established pursuant to Article 2.5 (commencing with Section 48645) of Chapter 4 of Part 27 of Division 4 of Title 2, who are enrolled pursuant to any of the following:

(i) Probation-referred pursuant to Sections 300, 601, 602, and 654 of the Welfare and Institutions Code.

(ii) On probation or parole and not in attendance in a school.

(iii) Expelled for any of the reasons specified in subdivision (a) or (c) of Section 48915.

(B) Multiply the number of units of average daily attendance for pupils attending schools or classes established pursuant to Article 2.5 (commencing with Section 48645) of Chapter 4 of Part 27 of Division 4 of Title 2 by the sum of the base grant calculated pursuant to paragraph (1), a supplemental grant equal to 35 percent of the base grant calculated pursuant to paragraph (1), and a concentration grant equal to 17.5 percent of the base grant calculated pursuant to paragraph (1). Funds provided for the supplemental and concentration grants pursuant to this calculation shall be expended in accordance with the regulations adopted pursuant to Section 42238.07.

(C) Add the amounts calculated in subparagraphs (A) and (B).

(d) Add the amount calculated in subdivision (a) to the amount calculated in subparagraph (C) of paragraph (4) of subdivision (c).

(e) Add all of the following to the amount calculated in subdivision (d):

(1) The amount of funding a county superintendent of schools received for the 2012-13 fiscal year from funds allocated pursuant to the Targeted Instructional Improvement Block Grant program, as set forth in Article 6 (commencing with Section 41540) of Chapter 3.2 of Part 24 of Division 3 of Title 2, as that article read on January 1, 2013.

(2) (A) The amount of funding a county superintendent of schools received for the 2012-13 fiscal year from funds allocated pursuant to the Home-to-School Transportation program, as set forth in Article 2 (commencing with Section 39820) of Chapter 1 of Part 23.5 of Division 3 of Title 2, Article 10 (commencing with Section 41850) of Chapter 5 of Part 24 of Division 3 of Title 2, and the Small School District Transportation program, as set forth in Article 4.5 (commencing with Section 42290) of Chapter 7 of Part 24 of Division 3 of Title 2, as those articles read on January 1, 2013.

(B) On or before March 1, 2014, the Legislative Analyst's Office shall submit recommendations to the fiscal committees of both houses of the Legislature regarding revisions to the methods of funding pupil transportation that address historical funding inequities across county offices of education and school districts and improve incentives for local educational agencies to provide efficient and effective pupil transportation services.

Section 2575 of the Education Code is amended to read:

2575. (a) Commencing with the 2013–14 fiscal year and for each fiscal year thereafter, the Superintendent shall calculate a base entitlement for the transition to the county local control

funding formula for each county ~~office of education~~ superintendent of schools based on the sum of the amounts computed pursuant to paragraphs (1) to (3), inclusive:

(1) Revenue limits in the 2012–13 fiscal year pursuant to Article 3 (commencing with Section 2550) of Chapter 12, as that article read on January 1, 2013, adjusted only for changes in average daily attendance claimed by the county superintendent of schools for pupils identified in clauses (i), (ii), and (iii) of subparagraph (A) of paragraph (4) of subdivision (c) of Section 2574 and for pupils attending juvenile court schools. **For purposes of this subparagraph, the per average daily attendance rate calculated for these pupils shall be considered final for purposes of this section as of the annual apportionment for the 2012-13 fiscal year, as calculated for purposes of the certification required on or before February 20, 2014, pursuant to Sections 41332 and 41339.** All other average daily attendance claimed by the county superintendent of schools and any other average daily attendance used for purposes of calculating revenue limits pursuant to Article 3 (commencing with Section 2550) of Chapter 12, as that article read on January 1, 2013, shall be considered final for purposes of this section as of the annual apportionment for the 2012–13 fiscal year, as calculated for purposes of the certification required on or before February 20, 2014, pursuant to Section 41332.

(2) The sum of ~~both~~ all of the following:

(A) The amount of funding received from appropriations contained in Section 2.00 of the Budget Act of 2012, as adjusted by Section 12.42, in the following items: 6110-104-0001, 6110-105-0001, 6110-107-0001, 6110-108-0001, 6110-111-0001, 6110-124-0001, 6110-128-0001, 6110-137-0001, 6110-144-0001, 6110-156-0001, 6110-181-0001, 6110-188-0001, 6110-189-0001, 6110-190-0001, 6110-193-0001, 6110-195-0001, 6110-198-0001, 6110-204-0001, 6110-208-0001, 6110-209-0001, 6110-211-0001, 6110-212-0001, 6110-227-0001, 6110-228-0001, 6110-232-0001, ~~6110-234-0001~~, 6110-240-0001, 6110-242-0001, 6110-243-0001, 6110-244-0001, 6110-245-0001, 6110-246-0001, 6110-247-0001, 6110-248-0001, 6110-260-0001, 6110-265-0001, 6110-266-0001, 6110-267-0001, 6110-268-0001, and 6360-101-0001, 2012–13 fiscal year funding for the Class Size Reduction Program pursuant to Chapter 6.10 (commencing with Section 52120) of Part 28 of Division 4 of Title 2, as that chapter read on January 1, 2013, and 2012–13 fiscal year funding for pupils enrolled in community day schools who are mandatorily expelled pursuant to subdivision (d) of Section 48915. **For purposes of this subparagraph, 2012-13 entitlements shall be considered final as of the annual apportionment for the 2012-13 fiscal year, as calculated for purposes of the certification required on or before February 20, 2014, pursuant to Sections 41332 and 41339.**

(B) The amount of local revenues used to support a regional occupational center or program established and maintained by a county superintendent of schools pursuant to Section 52301.

(C) Commencing with the 2014–15 fiscal year, the amount of funding received from appropriations contained in Section 2.00 of the Budget Act of 2013 for Items 6110–122–0001 and 6110–167–0001. For purposes of this subparagraph, 2013-14 entitlements shall be considered final as of the annual apportionment for the 2013-14 fiscal year, as calculated for purposes of the certification required on or before February 20, 2015, pursuant to Sections 41332 and 41339.

(3) For the 2014–15 fiscal year and for each fiscal year thereafter, the sum of the amounts apportioned to the county ~~office of education~~ superintendent of schools pursuant to subdivision (f) in all prior years.

(b) The Superintendent shall annually compute a county local control funding formula transition adjustment for each county superintendent of schools as follows:

(1) Subtract the amount computed pursuant to subdivision (a) from the amount computed pursuant to subdivision (e) of Section 2574. A difference of less than zero shall be deemed to be zero.

(2) Divide the difference for each county superintendent of schools calculated pursuant to paragraph (1) by the total sum of the differences for all county superintendents of schools calculated pursuant to paragraph (1).

(3) Multiply the proportion calculated for each county ~~office of education~~ superintendent of schools pursuant to paragraph (2) by the amount of funding specifically appropriated for purposes of subdivision (f). The amount calculated shall not exceed the difference for the county superintendent of schools calculated pursuant to paragraph (1).

(c) The Superintendent shall subtract from the amount calculated pursuant to subdivision (a) the sum of each of the following:

(1) Local property tax revenues received pursuant to Section 2573 in the then current fiscal year.

(2) Any amounts that the county superintendent of schools was required to maintain as restricted and not available for expenditure in the 1978–79 fiscal year as specified in the second paragraph of subdivision (c) of Section 6 of Chapter 292 of the Statutes of 1978, as amended by Chapter 51 of the Statutes of 1979.

(3) The amount received pursuant to subparagraph (C) of paragraph (3) of subdivision (a) of Section 33607.5 of the Health and Safety Code that is considered property taxes pursuant to that section.

(4) The amount, if any, received pursuant to Sections 34177, 34179.5, 34179.6, 34183, and 34188 of the Health and Safety Code.

(5) The amount, if any, received pursuant to subparagraph (B) of paragraph (3) of subdivision (e) of Section 36 of Article XIII of the California Constitution.

(d) The Superintendent shall subtract from the amount computed pursuant to subdivision (e) of Section 2574 the sum of the amounts computed pursuant to paragraphs (1) to (5), inclusive, of subdivision (c).

(e) The Superintendent shall annually apportion to each county superintendent of schools the amount calculated pursuant to subdivision (c) unless the amount computed pursuant to subdivision (c) is negative. If the amount computed is negative, except as provided in subdivision (f), an amount of property tax of the county superintendent of schools equal to the negative amount shall be deemed restricted and not available for expenditure during the fiscal year. In the following fiscal year, that amount, excluding any amount of funds used for purposes of subdivision (f), shall be considered restricted local property tax revenue for purposes of subdivision (a) of Section 2578. State aid shall not be apportioned to the county superintendent of schools pursuant to this subdivision if the amount computed pursuant to subdivision (c) is negative.

(f) (1) The Superintendent shall apportion, from an appropriation specifically made for this purpose, the amount computed pursuant to subdivision (b), or, if the amount computed pursuant to subdivision (c) is negative, the sum of the amounts computed pursuant to subdivisions (b) and (c) if the sum is greater than zero.

(2) The Superintendent shall apportion any portion of the appropriation made for purposes of paragraph (1) that is not apportioned pursuant to paragraph (1) pursuant to the following calculation:

(A) Add the amount calculated pursuant to subdivision (b) to the amount computed pursuant to subdivision (a) for a county superintendent of schools.

(B) Subtract the amount computed pursuant to subparagraph (A) from the amount computed pursuant to subdivision (e) of Section 2574 for the county superintendent of schools.

(C) Divide the difference for the county superintendent of schools computed pursuant to subparagraph (B) by the sum of the differences for all county superintendents of schools computed pursuant to subparagraph (B).

(D) Multiply the proportion computed pursuant to subparagraph (C) by the unapportioned balance in the appropriation.

(E) Apportion to each county superintendent of schools the amount calculated pursuant to subparagraph (D), or if subdivision (c) is negative, apportion the sums of subdivisions (b) and (c) and subparagraph (D) of this subdivision if the sum is greater than zero.

(F) The Superintendent shall repeat the computation made pursuant to this paragraph, accounting for any additional amounts apportioned after each computation, until the appropriation made for purposes of paragraph (1) is fully apportioned.

(G) The total amount apportioned pursuant to this subdivision to a county superintendent of schools shall not exceed the difference for the county superintendent of schools calculated pursuant to paragraph (1) of subdivision (b).

**(H) For purposes of paragraph (2), the proportion of need that is funded from any appropriations made specifically for the purpose of this subdivision in the then current fiscal year shall be considered final as of the second principal apportionment for the then current fiscal year. Adjustments to a county office of education's total need computed pursuant to subparagraph (D) of this subdivision subsequent to the second principal apportionment for the then current fiscal year shall be funded based on the fixed proportion of need that is funded for the then current fiscal year pursuant to this subdivision and shall be continuously appropriated pursuant to Section 14002.**

(g) (1) For a county superintendent of schools for whom, in the 2013–14 fiscal year, the amount computed pursuant to subdivision (c) is less than the amount computed pursuant to subdivision (d), in the first fiscal year following the fiscal year in which the sum of the apportionments computed pursuant to subdivisions (e) and (f) is equal to, or greater than, the amount computed pursuant to subdivision (d) of this section, the Superintendent shall apportion to the county superintendent of schools the amount computed in subdivision (d) in that fiscal year and each fiscal year thereafter instead of the amounts computed pursuant to subdivisions (e) and (f).

(2) For a county superintendent of schools for whom, in the 2013–14 fiscal year, the amount computed pursuant to subdivision (c) is greater than the amount computed pursuant to subdivision (d), in the first fiscal year in which the amount computed pursuant to subdivision (c) would be less than the amount computed pursuant to subdivision (d), the Superintendent shall apportion to the county superintendent of schools the amount computed in subdivision (d) in that fiscal year and each fiscal year thereafter instead of the amounts computed pursuant to subdivisions (e) and (f).

(3) In each fiscal year, the Superintendent shall determine the percentage of county superintendents of schools that are apportioned funding that is less than the amount computed pursuant to subdivision (d), as of the second principal apportionment of the fiscal year. If the percentage is less than 10 percent, the Superintendent shall apportion to those county superintendents of schools funding equal to the amount computed in subdivision (d) in that fiscal year and for each fiscal year thereafter instead of the amounts calculated pursuant to subdivisions (e) and (f).

(4) Commencing with the first fiscal year after the apportionments in paragraph (3) are made, the adjustments in paragraph (4) of subdivision (a) of Section 2574 and subparagraph (B) of paragraph (1) of subdivision (c) of Section 2574 shall be made only if an appropriation for those purposes is included in the annual Budget Act.

(5) If the calculation pursuant to subdivision (d) is negative and the Superintendent apportions to a county superintendent of schools the amount computed pursuant to subdivision (d) pursuant to paragraph (1); (2); or (3) of this subdivision, an amount of property tax of the county superintendent of schools equal to the negative amount shall be deemed restricted and not available for expenditure during that fiscal year. In the following fiscal year the restricted amount shall be considered restricted local property tax revenue for purposes of subdivision (a) of Section 2578.

(h) ~~(1) For the Commencing with the~~ 2013–14 fiscal year, the Superintendent shall apportion to a county superintendent of schools an amount of state aid, including any amount apportioned pursuant to subdivisions (f) and (g), that is no less than the amount calculated in subparagraph (A) of paragraph (2) of subdivision (a).

**(2) Commencing with the 2014-15 fiscal year, the Superintendent shall apportion to a county superintendent of schools an amount of state aid, including any amount apportioned pursuant to subdivisions (f) and (g), that is no less than the amount calculated in subparagraphs (A) and (C) of paragraph (2) of subdivision (a).**

(i) (1) For the 2013–14 and 2014–15 fiscal years only, a county superintendent of schools who, in the 2012–13 fiscal year, from any of the funding sources identified in paragraph (1) or (2) of subdivision (a), received funds on behalf of, or provided funds to, a regional occupational center or program joint powers agency established in accordance with Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code for purposes of providing instruction to pupils enrolled in grades 9 to 12, inclusive, shall not redirect that funding for another purpose unless otherwise authorized ~~in~~ by law or pursuant to an agreement between the regional occupational center or program joint powers agency and the contracting county superintendent of schools.

(2) For the 2013–14 and 2014–15 fiscal years only, if a regional occupational center or program joint powers agency established in accordance with Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code for purposes of providing instruction to pupils enrolled in grades 9 to 12, inclusive, received, in the 2012–13 fiscal year, an apportionment of funds directly from any of the funding sources identified in subparagraph (A) of paragraph (2) of subdivision (a), the Superintendent shall apportion that same amount to the regional occupational center or program joint powers agency.

(j) For the 2013–14 and 2014–15 fiscal years only, a county superintendent of schools who, in the 2012–13 fiscal year, from any of the funding sources identified in paragraph (1) or (2) of subdivision (a), received funds on behalf of, or provided funds to, a home-to-school transportation joint powers agency established in accordance with Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code for purposes of

providing pupil transportation shall not redirect that funding for another purpose unless otherwise authorized ~~in by~~ law or pursuant to an agreement between the home-to-school transportation joint powers agency and the contracting county superintendent of schools.

(k) (1) In addition to subdivision (j), of the funds a county superintendent of schools receives for home-to-school transportation programs, the county superintendent of schools shall expend, pursuant to Article 2 (commencing with Section 39820) of Chapter 1 of Part 23.5 of Division 3 of Title 2, Article 10 (commencing with Section 41850) of Chapter 5 of Part 24 of Division 3 of Title 2, and the Small School District Transportation program, as set forth in Article 4.5 (commencing with Section 42290) of Chapter 7 of Part 24 of Division 3 of Title 2, no less for those programs than the amount of funds the county superintendent of schools expended for home-to-school transportation in the 2012–13 fiscal year.

(2) For the 2013–14 and 2014–15 fiscal years only, if a home-to-school transportation joint powers agency established in accordance with Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code for purposes of providing pupil transportation received, in the 2012–13 fiscal year, an apportionment of funds directly from the Superintendent from any of the funding sources identified in subparagraph (A) of paragraph (2) of subdivision (a), the Superintendent shall apportion that same amount to the home-to-school transportation joint powers agency.

(3) For the 2013–14 and 2014–15 fiscal years only, of the funds a county superintendent of schools receives for purposes of regional occupational centers or programs, or adult education, the county superintendent of schools shall expend no less for each of those programs than the amount of funds the county superintendent of schools expended for purposes of regional occupational centers or programs, or adult education, respectively, in the 2012–13 fiscal year. For purposes of this paragraph, a county ~~office of education~~ superintendent of schools may include expenditures made by a school district within the county for purposes of regional occupational centers or programs so long as the total amount of expenditures made by the school districts and the county ~~office of education~~ superintendent of schools equal or exceed the total amount required to be expended for purposes of regional occupational centers or programs pursuant to this paragraph and paragraph (7) of subdivision (a) of Section 42238.03.

(l) The funds apportioned pursuant to this section and Section 2574 shall be available to implement the activities required pursuant to Article 4.5 (commencing with Section 52060) of Chapter 6.1 of Part 28 of Division 4 of Title 2.

Section 2576 of the Education Code is amended to read:

2576. (a) If a county superintendent of schools enrolls in a school operated by the county superintendent of schools a pupil not funded pursuant to clause (i), (ii), or (iii) of subparagraph (A) of paragraph (4) of subdivision (c) of Section 2574, or Article 2.5 (commencing with Section 48645) of Chapter 4 of Part 27 of Division 4 of Title 2, any attendance generated by that pupil shall be credited to the school district of residence. Enrollment of these pupils shall be transferred to the school district of residence for purposes of calculating the percentage of unduplicated pupils pursuant to Section 42238.02.

(b) ~~(1)~~ For purposes of this section, the school district of residence for a homeless child, as defined in Section 1981.2, enrolled in a school operated by a county superintendent of schools shall be deemed to be the school district that last provided educational services to that the homeless child or, if it is not possible to determine that school district, the largest school district in the county. nonbasic aid school district with the largest average daily attendance in the county that serves the grade level in which the homeless child would be enrolled.

~~(2) The Superintendent shall apportion funding to a county superintendent of schools for a homeless child whose school district of residence is deemed to be the nonbasic aid school district with the largest average daily attendance in the county that serves the grade level in which the homeless child would be enrolled, pursuant to this subdivision, at the statewide average local control funding formula per unit of average daily attendance funding level calculated for school districts pursuant to Section 42238.02, as implemented pursuant to Section 42238.03.~~

~~(c) If a county superintendent of schools authorizes a student to attend school in an adjoining state pursuant to Section 2000, any attendance generated by that pupil shall be credited to the school district of residence.~~

Section 2578 of the Education Code is amended to read:

2578. (a) Every fiscal year the Superintendent shall determine the amount of funds that will be restricted for each county superintendent of schools pursuant to subdivisions (e) and (g) of Section 2575, as of June 30 of the prior fiscal year.

(b) The auditor-controller of each county shall distribute the amounts determined in subdivision (a) to the Supplemental Revenue Augmentation Fund created within the county pursuant to Section 100.06 of the Revenue and Taxation Code. The amount of funds required to be transferred by this subdivision shall be transferred annually in two equal shares with the first share transferred on or before January 15 of each year and the second share transferred after January 15 and on or before May 1 of each year.

(c) The funds transferred to the Supplemental Revenue Augmentation Fund for purposes of this section shall be transferred by the county office of education to the **auditor-controller State Controller's Office, in amounts and for those purposes as directed by the Director of Finance, of the county** and shall be exclusively used to offset state costs of providing trial court services and costs, until the funds are exhausted.

Section 37700 of the Education Code is amended to read:

***37700. (a) Notwithstanding any other law, the Pacific Unified School District, the Leggett Valley Unified School District, and the Reeds Creek Elementary School District may operate one or more schools in their respective districts on a four-day school week, if the district complies with the instructional time requirements specified in Section 37701 and the other requirements of this chapter.***

(b) If a school district operates one or more schools on a four-day week pursuant to this section and the program for the school year provides less than the 180 days of instruction required under Section 46200, as it read on January 1, 2013, the Superintendent shall reduce the local control funding formula **allocation grant apportionment** pursuant to Section 42238.02, as implemented pursuant to Section 42238.03, **per unit of average daily attendance for that fiscal year by the amount the school district would have received for the increase received pursuant to subdivision (a) of Section 46200, as it read on January 1, 2013, as adjusted in fiscal years subsequent to the 1984-85 fiscal year, for the average daily attendance of each affected grade level the sum of 0.0056 multiplied by that apportionment for each day less than what was required in subdivision (a) of this section, as it read on January 1, 2013, up to a maximum of five days.** If a school district operates one or more schools on a four-day school week pursuant to this section and the program provides less than the minimum instructional minutes required under Section 46201, as it read on January 1, 2013, the Superintendent shall **reduce the local control funding formula**

~~allocation pursuant to Section 42238.02, as implemented pursuant to Section 42238.03, per unit of average daily attendance for that fiscal year in which the reduction occurs by the amount the school district would have received for the increase in the 1987-88 fiscal year base revenue limit per unit of average daily attendance pursuant to paragraph (6) of subdivision (b) of Section 42238, as it read on January 1, 2013, as adjusted from the 1987-88 fiscal year to the 2012-13 fiscal year, inclusive, and, commencing with the 2013-14 fiscal year, pursuant to the local control funding formula allocation pursuant to Section 42238.02, as implemented pursuant to Section 42238.03, per unit of average daily attendance, withhold from the school district's local control funding formula grant apportionment pursuant to Section 42238.02, as implemented by Section 42238.03, for the average daily attendance of each affected grade level, the sum of that apportionment multiplied by the percentage of the minimum offered minutes at that grade level that the school district failed to offer.~~

(c) A school district with an exclusive bargaining representative may operate a school on a four-day school week pursuant to this section only if the school district and the representative of each bargaining unit of school district employees mutually agree to that operation in a memorandum of understanding.

(d) Notwithstanding this section, upon a determination that a school district identified in subdivision (a) equals or exceeds its local control funding formula target computed pursuant to Section 42238.02 as determined by the calculation of a zero difference pursuant to paragraph (1) of subdivision (b) of Section 42238.03, the school district, as a condition of apportionment pursuant to Section 42238.02, as implemented pursuant to Section 42238.03, shall offer 180 days or more of instruction per school year, and meet the minimum minute requirements pursuant to paragraph (1) of subdivision (a) of Section 46207.

Section 37710.3 of the Education Code is amended to read:

**37710.3. (a) Beginning in the 2010-11 fiscal year, the Alpaugh Unified School District may operate one or more schools in the school district on a four-day school week if the district complies with the instructional time requirements in Section 37701 and the other requirements of this chapter. The state board may waive five-consecutive-day operating requirements for any of the following programs that operate on a four-day school week pursuant to this section, provided that the district meets the minimum time requirement for each program:**

- (1) Preschools.
- (2) Before and after school programs.
- (3) Independent study programs.
- (4) Child nutrition and food service programs.
- (5) Community day schools.
- (6) Regional occupational centers or programs.
- (7) Continuation high schools.

(b) If the school district operates one or more schools on a four-day school week pursuant to this section, and the program for the school year provides fewer than the 180 days of instruction



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required under Section 46200, as it read on January 1, 2013, the Superintendent shall reduce the local control funding formula allocation pursuant to Section 42238.02, as implemented pursuant to Section 42238.03, ~~per unit of average daily attendance for that fiscal year by the amount the school district would have received for the increase received pursuant to subdivision (a) of Section 46200, as it read on January 1, 2013, as adjusted in fiscal years subsequent to the 1984-85 fiscal year, for the average daily attendance of each affected grade level the sum of 0.0056 multiplied by that apportionment for each day less than what was required in subdivision (a) of this section, as it read on January 1, 2013, up to a maximum of five days.~~ If the school district operates one or more schools on a four-day school week pursuant to this section, and the program provides fewer than the minimum instructional minutes required under Section 46201, as it read on January 1, 2013, the Superintendent shall ~~reduce the local control funding formula allocation pursuant to Section 42238.02, as implemented pursuant to Section 42238.03, per unit of average daily attendance for that fiscal year in which the reduction occurs by the amount the school district would have received for the increase in the base revenue limit per unit of average daily attendance pursuant to subdivision (a) of Section 46201, as it read on January 1, 2013, as adjusted from the 1987-88 fiscal year to the 2012-13 fiscal year, inclusive, and, commencing with the 2013-14 fiscal year, pursuant to the local control funding formula allocation pursuant to Section 42238.02, as implemented pursuant to Section 42238.03, per unit of average daily attendance, withhold from the school district's local control funding formula grant apportionment pursuant to Section 42238.02, as implemented by Section 42238.03, for the average daily attendance of each affected grade level, the sum of that apportionment multiplied by the percentage of the minimum offered minutes at that grade level that the school district failed to offer.~~

(c) Notwithstanding Section 37710, if a small school having between 11 and 99 valid Standardized Testing and Reporting Program test scores operating on a four-day school week fails to achieve its Academic Performance Index growth target pursuant to Section 52052 for two consecutive years, the authority of that school to operate on a four-day school week shall be permanently revoked commencing with the school year following the second consecutive year the school failed to achieve its Academic Performance Index growth rate.

(d) If the school district operates one or more schools on a four-day school week pursuant to this section, the school district shall submit a report to the department, the Senate Committee on Education, and the Assembly Committee on Education on or before January 15, 2015. The report shall include, but not necessarily be limited to, information on all of the following:

- (1) Programs the district offered on the fifth schoolday and their participation rates.
- (2) Whether the four-day school week schedule resulted in any fiscal savings.
- (3) Impact on overall attendance of the schools operating a four-day school week.
- (4) Programs for which the state board waived minimum time and five-consecutive-day requirements and the operational and educational effects of the programs if they operated at less time than required.
- (5) The impact of the four-day school week on crime statistics, especially on the day on which school would otherwise be in session.
- (6) Information on the Academic Performance Index, pursuant to Section 52052, for every year a school in the district operated on a four-day school week. The information shall include, but not necessarily be limited to, the base and growth Academic Performance Index of each school that operated on a four-day school week and whether that school met the Academic Performance growth targets.

(e) Notwithstanding this section, upon a determination that the school district identified in subdivision (a) equals or exceeds its local control funding formula target computed pursuant to Section 42238.02 as determined by the calculation of a zero difference pursuant to paragraph (1) of subdivision (b) of Section 42238.03, the school district, as a condition of apportionment pursuant to Section 42238.02, as implemented pursuant to Section 42238.03, shall offer 180 days or more of instruction per school year, and meet the minimum minute requirements pursuant to paragraph (1) of subdivision (a) of Section 46207.

(f) This section shall remain in effect only until January 1, 2016, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2016, deletes or extends that date.

Section 37710.5 of the Education Code is amended to read:

***37710.5. (a) Beginning in the 2009–10 fiscal year, the Potter Valley Community Unified School District may operate one or more schools in the school district on a four-day school week if the school district complies with the instructional time requirements specified in Section 37701 and the other requirements of this chapter. The state board may waive five-consecutive-day operating requirements for any of the following programs that operate on a four-day week pursuant to this section, provided that the school district meets the minimum time requirement for each program:***

- (1) Preschools.
- (2) Before and after school programs.
- (3) Independent study programs.
- (4) Child nutrition and food service programs.
- (5) Community day schools.
- (6) Regional occupational centers or programs.
- (7) Continuation high schools.

(b) If the school district operates one or more schools on a four-day week pursuant to this section, and the program for the school year provides fewer than the 180 days of instruction required under Section 46200, as it read on January 1, 2013, the Superintendent shall reduce the local control funding formula allocation pursuant to Section 42238.02, as implemented pursuant to Section 42238.03, ~~per unit of average daily attendance for that fiscal year by the amount the school district would have received for the increase received pursuant to subdivision (a) of Section 46200, as it read on January 1, 2013, as adjusted in fiscal years subsequent to the 1984–85 fiscal year. for the average daily attendance of each affected grade level the sum of 0.0056 multiplied by that apportionment for each day less than what was required in subdivision (a) of this section, as it read on January 1, 2013, up to a maximum of five days.~~ If the school district operates one or more schools on a four-day school week pursuant to this section, and the program provides fewer than the minimum instructional minutes required under Section 46201, as it read on January 1, 2013, the Superintendent shall ~~reduce the local control funding formula allocation pursuant to Section 42238.02, as implemented pursuant to Section 42238.03, per unit of average daily attendance for that fiscal year in which the reduction occurs by the amount the school~~

~~district would have received for the increase in the base revenue limit per unit of average daily attendance pursuant to subdivision (a) of Section 46201, as it read on January 1, 2013, as adjusted from the 1987–88 fiscal year to the 2012–13 fiscal year, inclusive, and, commencing with the 2013–14 fiscal year, pursuant to Section 42238.02, as implemented pursuant to Section 42238.03, per unit of average daily attendance, withhold from the school district's local control funding formula grant apportionment pursuant to Section 42238.02, as implemented by Section 42238.03, for the average daily attendance of each affected grade level, the sum of that apportionment multiplied by the percentage of the minimum offered minutes at that grade level that the school district failed to offer.~~

(c) If the school district operates one or more schools on a four-day school week pursuant to this section, the school district shall submit a report to the department, the Senate Committee on Education and the Assembly Committee on Education on January 15, 2014. The report shall include, but not necessarily be limited to, information on the following:

- (1) Programs the district offered on the fifth day and their participation rates.
- (2) Whether the four-day school week schedule resulted in any fiscal savings.
- (3) Impact on overall attendance of the schools operating a four-day school week.
- (4) Programs for which the Superintendent waived minimum time and five-consecutive-day requirements and the operational and educational effect of the programs if they operated at less time than required.

(d) Notwithstanding this section, upon a determination that the school district identified in subdivision (a) equals or exceeds its local control funding formula target computed pursuant to Section 42238.02 as determined by the calculation of a zero difference pursuant to paragraph (1) of subdivision (b) of Section 42238.03, the school district, as a condition of apportionment pursuant to Section 42238.02, as implemented pursuant to Section 42238.03, shall offer 180 days or more of instruction per school year, and meet the minimum minute requirements pursuant to paragraph (1) of subdivision (a) of Section 46207.

(e) This section shall remain in effect only until January 1, 2015, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2015, deletes or extends that date.

Section 37712 of the Education Code is amended to read:

**37712. (a) Beginning in the 2013–14 fiscal year, the Moorpark Unified School District may operate one or more high schools offering a middle college program in the school district on a four-day school week, if the school district complies with the instructional time requirements specified in Section 37701 and the other requirements of this chapter. The state board may waive the five-consecutive-day operating requirements for a middle college program that operates on a four-day school week pursuant to this section, provided that the school district meets the minimum time requirement for the middle college program.**

(b) If the school district operates one or more schools on a four-day school week pursuant to this section, and the program for the school year provides fewer than the 180 days of instruction required under Section 46200, as it read on January 1, 2013, the Superintendent shall reduce the local control funding formula allocation pursuant to Section 42238.02, as implemented pursuant to Section 42238.03, ~~per unit of average daily attendance for that fiscal year by the amount the school district would have received for the increase received pursuant to subdivision (a) of Section 46200, as it read on January 1, 2013, as adjusted in fiscal years subsequent to the 1984–85 fiscal year.~~ for the average daily attendance of each affected grade level the sum of 0.0056 multiplied by that apportionment for each day less than

what was required in subdivision (a) of this section, as it read on January 1, 2013, up to a maximum of five days. If the school district operates one or more schools on a four-day school week pursuant to this section, and the program provides fewer than the minimum instructional minutes required under Section 46201, as it read on January 1, 2013, the Superintendent shall ~~reduce the local control funding formula allocation pursuant to Section 42238.02, as implemented pursuant to Section 42238.03, per unit of average daily attendance for that fiscal year in which the reduction occurs by the amount the school district would have received for the increase in the base revenue limit per unit of average daily attendance pursuant to subdivision (a) of Section 46201, as it read on January 1, 2013, as adjusted from the 1987–88 fiscal year to the 2012–13 fiscal year, inclusive, and, commencing with the 2013–14 fiscal year, pursuant to the local control funding formula allocation pursuant to Section 42238.02, as implemented pursuant to Section 42238.03, per unit of average daily attendance.~~ withhold from the school district's local control funding formula grant apportionment pursuant to Section 42238.02, as implemented by Section 42238.03, for the average daily attendance of each affected grade level, the sum of that apportionment multiplied by the percentage of the minimum offered minutes at that grade level that the school district failed to offer.

(c) Notwithstanding Section 37710, if a small school having between 11 and 99 valid Standardized Testing and Reporting Program test scores operating on a four-day school week fails to achieve its Academic Performance Index growth target pursuant to Section 52052 for two consecutive years, the authority of that school to operate on a four-day school week shall be permanently revoked commencing with the school year following the second consecutive year the school failed to achieve its Academic Performance Index growth rate.

(d) If the school district operates one or more schools on a four-day school week pursuant to this section, the school district shall submit a report to the department, the Senate Committee on Education, and the Assembly Committee on Education on or before January 15, 2018. The report shall include, but not necessarily be limited to, information on all of the following:

- (1) Programs the school district offered on the fifth schoolday and their participation rates.
- (2) If the four-day school week schedule resulted in fiscal savings.
- (3) Impact on overall attendance of the schools operating a four-day school week.
- (4) Programs for which the state board waived minimum time and five-consecutive-day requirements and the operational and educational effects of the programs if they operated at less time than required.
- (5) The impact of the four-day school week on crime statistics, especially on the day on which school would otherwise be in session.
- (6) Information on the Academic Performance Index, pursuant to Section 52052, for every year a school in the school district operated on a four-day school week. The information shall include, but not necessarily be limited to, the base and growth Academic Performance Index of each school that operated on a four-day school week and whether that school met the Academic Performance Index growth targets.
- (7) Specific outcomes for pupils attending a school operating on a four-day school week including, but not limited to, attendance rates, graduation rates, college entrance and attendance rates, and employment rates of pupils who do not attend college.

(e) The Moorpark Unified School District operating one or more schools on a four-day school week pursuant to this section may claim a day of attendance for the pupils enrolled in a school operating on a four-day school week pursuant to Sections 11300, 11301, and 46146.5.

(f) Notwithstanding this section, upon a determination that the school district identified in subdivision (a) equals or exceeds its local control funding formula target computed pursuant to Section 42238.02, as determined by the calculation of a zero difference pursuant to paragraph (1) of subdivision (b) of Section 42238.03, the school district, as a condition of apportionment pursuant to Section 42238.02, as implemented pursuant to Section 42238.03, shall offer 180 days or more of instruction per year, and shall meet the minimum minute requirements pursuant to paragraph (4) of subdivision (a) of Section 46207.

(g) This section shall become inoperative on June 30, 2018, and, as of January 1, 2019, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2019, deletes or extends the dates on which it becomes inoperative and is repealed.

Section 41544 of the Education Code is amended to read:

41554. (a) For a basic aid school district that was entitled to reimbursement pursuant to Section 42247.4, as that section read on January 1, 2001, and that received an apportionment pursuant to subdivision (h) of Section 42247.4, as that section read on January 1, 2001, because a court order directs pupils to transfer to that school district as part of the court-ordered voluntary pupil transfer program, the Superintendent, from the 2001–02 fiscal year to the 2012–13 fiscal year, inclusive, shall calculate an apportionment of state funds for that basic aid school district that provides 70 percent of the school district revenue limit calculated pursuant to Section 42238, as that section read on January 1, 2013, that would have been apportioned to the school district from which the pupils were transferred for the average daily attendance of any pupils credited under that court order who did not attend the basic aid school district before the 1995–96 fiscal year.

(b) (1) For a basic aid school district that was entitled to reimbursement pursuant to Section 42247.4, as that section read on January 1, 2001, and that received an apportionment pursuant to subdivision (h) of Section 42247.4, as that section read on January 1, 2001, because a court order directs pupils to transfer to that school district as part of the court-ordered voluntary pupil transfer program, the Superintendent, commencing with the 2013–14 fiscal year, shall calculate an apportionment of state funds for that basic aid school district that provides 70 percent of the school district local control funding formula base grant calculated pursuant to subdivision (d) of Section 42238.02, as implemented by Section 42238.03, that would have been apportioned to the school district from which the pupils were transferred for the average daily attendance of any pupils credited under that court order who did not attend the basic aid school district before the 1995–96 fiscal year.

(2) Notwithstanding paragraph (1), until the Superintendent determines that the school district from which the pupil or pupils were transferred is funded pursuant to Section 42238.02 in the prior fiscal year, the Superintendent shall apportion, for average daily attendance credited pursuant to paragraph (1), 70 percent of the sum of the entitlements for the school district from which the pupil or pupils were transferred for the specified fiscal year as computed pursuant to paragraphs (1) to (4), inclusive, of subdivision (a), and paragraph (3) of subdivision (b), of Section 42238.03, divided by the average daily attendance of that school district for that fiscal year and then multiplied by the ratio of local control formula base grant funding computed pursuant to subdivision (d) of Section 42238.02 to the local control funding formula amount for that fiscal year computed pursuant to Section 42238.02.

**(3) Notwithstanding paragraph (2), if the entitlements for the school district of residence computed pursuant to paragraphs (1) to (4), inclusive, of subdivision (a) of Section 42238.03 and paragraph (3) of subdivision (b) of Section 42238.03, include funding calculated pursuant to Article 4 (commencing with Section 42280) for the current fiscal year, the apportionment of state funds for the average daily attendance credited pursuant to this section shall be calculated pursuant to paragraph (1) of this subdivision.**

(c) For purposes of subdivision (b) of this section, "basic aid school district" means a school district that does not receive from the state, for any fiscal year in which this section is applied, an apportionment of state funds pursuant to subdivision (c) of Section 42238.02.

Section 42238.02 of the Education Code is amended to read:

42238.02. (a) The amount computed pursuant to this section shall be known as the school district and charter school local control funding formula.

(b) (1) For purposes of this section "unduplicated pupil" means a pupil enrolled in a school district or a charter school who is either classified as an English learner, eligible for a free or reduced-price meal, or is a foster youth. A pupil shall be counted only once for purposes of this section if any of the following apply:

(A) The pupil is classified as an English learner and is eligible for a free or reduced-price meal.

(B) The pupil is classified as an English learner and is a foster youth.

(C) The pupil is eligible for a free or reduced-price meal and is classified as a foster youth.

(D) The pupil is classified as an English learner, is eligible for a free or reduced-price meal, and is a foster youth.

**(2) A school participating in a special assistance alternative authorized by Section 11(a)(1) of the Richard B. Russell National School Lunch Act may establish base year free and reduced-price meal pupil eligibility for all enrolled pupils not less frequently than once every four years provided that the school determines free and reduced-price meal eligibility for each new enrolled or disenrolled pupil subsequent to establishing a base year. A school utilizing this alternative process shall annually submit free and reduced-price meal pupil-level records that reflect each pupil's eligibility for a free or reduced-price meal pursuant to paragraph (1) of this subdivision.**

~~(2)~~ (3) Under procedures and timeframes established by the Superintendent, commencing with the 2013–14 fiscal year, a school district or charter school shall annually submit its enrolled free and reduced-price meal eligibility, foster youth, and English learner pupil-level records for enrolled pupils to the Superintendent using the California Longitudinal Pupil Achievement Data System.

~~(3)~~ (4) (A) Commencing with the 2013–14 fiscal year, a county office of education shall review and validate certified aggregate English learner, foster youth, and free or reduced-price meal eligible pupil data for school districts and charter schools under its jurisdiction to ensure the data is reported accurately. The Superintendent shall provide each county office of education with appropriate access to school district and charter school data reports in the California Longitudinal Pupil Achievement Data System for purposes of ensuring data reporting accuracy.

(B) The Controller shall include the instructions necessary to enforce paragraph (2) in the audit guide required by Section 14502.1. The instructions shall include, but are not necessarily limited

to, procedures for determining if the English learner, foster youth, and free or reduced-price meal eligible pupil counts are consistent with the school district's or charter school's English learner, foster youth, and free or reduced-price meal eligible pupil records.

~~(4)~~ (5) The Superintendent shall make the calculations pursuant to this section using the data submitted by local educational agencies, including charter schools, through the California Longitudinal Pupil Achievement Data System. Under timeframes and procedures established by the Superintendent, school districts and charter schools may review and revise their submitted data on English learner, foster youth, and free or reduced-price meal eligible pupil counts to ensure the accuracy of data reflected in the California Longitudinal Pupil Achievement Data System.

~~(5)~~ (6) The Superintendent shall annually compute the percentage of unduplicated pupils for each school district and charter school by dividing the enrollment of unduplicated pupils in a school district or charter school by the total enrollment in that school district or charter school pursuant to all of the following:

(A) For the 2013–14 fiscal year, divide the sum of unduplicated pupils for the 2013–14 fiscal year by the sum of the total pupil enrollment for the 2013–14 fiscal year.

(B) For the 2014–15 fiscal year, divide the sum of unduplicated pupils for the 2013–14 and 2014–15 fiscal years by the sum of the total pupil enrollment for the 2013–14 and 2014–15 fiscal years.

(C) For the 2015–16 fiscal year and each fiscal year thereafter, divide the sum of unduplicated pupils for the current fiscal year and the two prior fiscal years by the sum of the total pupil enrollment for the current fiscal year and the two prior fiscal years.

**(D) For purposes of the computations made in subparagraphs (B) and (C) the Superintendent shall utilize a school district's or charter school's unduplicated pupils and total pupil enrollment for the 2014-15 fiscal year in place of its unduplicated pupils and total pupil enrollment for the 2013-14 fiscal year if doing so would yield an overall greater percentage of unduplicated pupils.**

(c) Commencing with the 2013–14 fiscal year and each fiscal year thereafter, the Superintendent shall annually calculate a local control funding formula grant for each school district and charter school in the state pursuant to this section.

(d) The Superintendent shall compute a grade span adjusted base grant equal to the total of the following amounts:

(1) For the 2013–14 fiscal year, a base grant of:

(A) Six thousand eight hundred forty-five dollars (\$6,845) for average daily attendance in kindergarten and grades 1 to 3, inclusive.

(B) Six thousand nine hundred forty-seven dollars (\$6,947) for average daily attendance in grades 4 to 6, inclusive.

(C) Seven thousand one hundred fifty-four dollars (\$7,154) for average daily attendance in grades 7 and 8.

(D) Eight thousand two hundred eighty-nine dollars (\$8,289) for average daily attendance in grades 9 to 12, inclusive.

(2) In each year the grade span adjusted base grants in paragraph (1) shall be adjusted by the percentage change in the annual average value of the Implicit Price Deflator for State and Local Government Purchases of Goods and Services for the United States, as published by the United States Department of Commerce for the 12-month period ending in the third quarter of the prior fiscal year. This percentage change shall be determined using the latest data available as of May 10 of the preceding fiscal year compared with the annual average value of the same deflator for the 12-month period ending in the third quarter of the second preceding fiscal year, using the latest data available as of May 10 of the preceding fiscal year, as reported by the Department of Finance.

(3) (A) The Superintendent shall compute an additional adjustment to the kindergarten and grades 1 to 3, inclusive, base grant as adjusted for inflation pursuant to paragraph (2) equal to 10.4 percent. The additional grant shall be calculated by multiplying the kindergarten and grades 1 to 3, inclusive, base grant, as adjusted by paragraph (2), by 10.4 percent.

(B) Until paragraph (4) of subdivision (b) of Section 42238.03 is effective, as a condition of the receipt of funds in this paragraph, a school district shall make progress toward maintaining an average class enrollment of not more than 24 pupils for each schoolsite in kindergarten and grades 1 to 3, inclusive, unless a collectively bargained alternative annual average class enrollment for each schoolsite in those grades is agreed to by the school district, pursuant to the following calculation:

(i) Determine a school district's average class enrollment for each schoolsite for kindergarten and grades 1 to 3, inclusive, in the prior year. For the 2013–14 fiscal year, this amount shall be the average class enrollment for each schoolsite for kindergarten and grades 1 to 3, inclusive, in the 2012–13 fiscal year.

(ii) Determine a school district's proportion of total need pursuant to paragraph (2) of subdivision (b) of Section 42238.03.

(iii) Determine the percentage of the need calculated in clause (ii) that is met by funding provided to the school district pursuant to paragraph (3) of subdivision (b) of Section 42238.03.

(iv) Determine the difference between the amount computed pursuant to clause (i) and an average class enrollment of not more than 24 pupils.

(v) Calculate a current year average class enrollment adjustment for each schoolsite for kindergarten and grades 1 to 3, inclusive, equal to the adjustment calculated in clause (iv) multiplied by the percentage determined pursuant to clause (iii).

(C) School districts that have an average class enrollment for each schoolsite for kindergarten and grades 1 to 3, inclusive, of 24 pupils or less for each schoolsite in the 2012–13 fiscal year, shall be exempt from the requirements of subparagraph (B) so long as the school district continues to maintain an average class enrollment for each schoolsite for kindergarten and grades 1 to 3, inclusive, of not more than 24 pupils, unless a collectively bargained alternative ratio is agreed to by the school district.

(D) Upon full implementation of the local control funding formula, as a condition of the receipt of funds in this paragraph, all school districts shall maintain an average class enrollment for each schoolsite for kindergarten and grades 1 to 3, inclusive, of not more than 24 pupils for each schoolsite in kindergarten and grades 1 to 3, inclusive, unless a collectively bargained alternative ratio is agreed to by the school district.



(E) The average class enrollment requirement for each schoolsite for kindergarten and grades 1 to 3, inclusive, established pursuant to this paragraph shall not be subject to waiver by the state board pursuant to Section 33050 or by the Superintendent.

(F) The Controller shall include the instructions necessary to enforce this paragraph in the audit guide required by Section 14502.1. The instructions shall include, but are not necessarily limited to, procedures for determining if the average class enrollment for each schoolsite for kindergarten and grades 1 to 3, inclusive, exceeds 24 pupils, or an alternative average class enrollment for each schoolsite pursuant to a collectively bargained alternative ratio. The procedures for determining average class enrollment for each schoolsite shall include criteria for employing sampling.

(4) The Superintendent shall compute an additional adjustment to the base grant for grades 9 to 12, inclusive, as adjusted for inflation pursuant to paragraph (2), equal to 2.6 percent. The additional grant shall be calculated by multiplying the base grant for grades 9 to 12, inclusive, as adjusted by paragraph (2), by 2.6 percent.

(e) The Superintendent shall compute a supplemental grant add-on equal to 20 percent of the base grants as specified in subparagraphs (A) to (D), inclusive, of paragraph (1) of subdivision (d), as adjusted by paragraphs (2) to (4), inclusive, of subdivision (d), for each school district's or charter school's percentage of unduplicated pupils calculated pursuant to paragraph (5) of subdivision (b). The supplemental grant shall be calculated by multiplying the base grants as specified in subparagraphs (A) to (D), inclusive, of paragraph (1), as adjusted by paragraphs (2) to (4), inclusive, of subdivision (d), by 20 percent and by the percentage of unduplicated pupils calculated pursuant to paragraph (5) of subdivision (b) in that school district or charter school. The supplemental grant shall be expended in accordance with the regulations adopted pursuant to Section 42238.07.

(f) (1) The Superintendent shall compute a concentration grant add-on equal to 50 percent of the base grants as specified in subparagraphs (A) to (D), inclusive, of paragraph (1) of subdivision (d), as adjusted by paragraphs (2) to (4), inclusive, of subdivision (d), for each school district's or charter school's percentage of unduplicated pupils calculated pursuant to paragraph (5) of subdivision (b) in excess of 55 percent of the school district's or charter school's total enrollment. The concentration grant shall be calculated by multiplying the base grants as specified in subparagraphs (A) to (D), inclusive, of paragraph (1) of subdivision (d), as adjusted by paragraphs (2) to (4), inclusive, of subdivision (d), by 50 percent and by the percentage of unduplicated pupils calculated pursuant to paragraph (5) of subdivision (b) in excess of 55 percent of the total enrollment in that school district or charter school.

(2) (A) For a charter school physically located in only one school district, the percentage of unduplicated pupils calculated pursuant to paragraph (5) of subdivision (b) in excess of 55 percent used to calculate concentration grants shall not exceed the percentage of unduplicated pupils calculated pursuant to paragraph (5) of subdivision (b) in excess of 55 percent of the school district in which the charter school is physically located. For a charter school physically located in more than one school district, the charter school's percentage of unduplicated pupils calculated pursuant to paragraph (5) of subdivision (b) in excess of 55 percent used to calculate concentration grants shall not exceed that of the school district with the highest percentage of unduplicated pupils calculated pursuant to paragraph (5) of subdivision (b) in excess of 55 percent of the school districts in which the charter school has a school facility. The concentration grant shall be expended in accordance with the regulations adopted pursuant to Section 42238.07.

**(B) For purposes of this paragraph and subparagraph (A) of paragraph (1) of subdivision (f) of Section 42238.03, a charter school shall report its physical location to the department on or**

before November 30 of each fiscal year under timeframes established by the department. For charter schools authorized by a school district, the Superintendent will include the charter school's authorizer. For charter schools that were approved on appeal pursuant to Section 47605 (j), the department will include the sponsoring school district. The reported physical location of the charter school and the percentage of unduplicated pupils of the school district associated with the charter school pursuant to subparagraph (A) shall be considered final as of the second principal apportionment for that fiscal year, unless otherwise specified in law. For purposes of this paragraph, the percentage of unduplicated pupils of the school district associated with the charter school pursuant to subparagraph (A) shall be considered final as of may be revised after the second principal apportionment if either an audit report or auditor's letter of concurrence substantiates the proposed revision.

(g) The Superintendent shall compute an add-on to the total sum of a school district's or charter school's base, supplemental, and concentration grants equal to the amount of funding a school district or charter school received from funds allocated pursuant to the Targeted Instructional Improvement Block Grant program, as set forth in Article 6 (commencing with Section 41540) of Chapter 3.2, for the 2012–13 fiscal year, as that article read on January 1, 2013. A school district or charter school shall not receive a total funding amount from this add-on greater than the total amount of funding received by the school district or charter school from that program in the 2012–13 fiscal year. The amount computed pursuant to this subdivision shall reflect the reduction specified in paragraph (2) of subdivision (a) of Section 42238.03.

(h) The Superintendent shall compute an add-on to the total sum of a school district's or charter school's base, supplemental, and concentration grants equal to the amount of funding a school district or charter school received from funds allocated pursuant to the Home-to-School Transportation program, as set forth in former Article 2 (commencing with Section 39820) of Chapter 1 of Part 23.5, former Article 10 (commencing with Section 41850) of Chapter 5, and the Small School District Transportation program, as set forth in former Article 4.5 (commencing with Section 42290), for the 2012–13 fiscal year. A school district or charter school shall not receive a total funding amount from this add-on greater than the total amount received by the school district or charter school for those programs in the 2012–13 fiscal year. The amount computed pursuant to this subdivision shall reflect the reduction specified in paragraph (2) of subdivision (a) of Section 42238.03.

(i) (1) The sum of the local control funding formula rates computed pursuant to subdivisions (c) to (f), inclusive, shall be multiplied by:

(A) For school districts, the average daily attendance of the school district in the corresponding grade level ranges computed pursuant to Section 42238.05, excluding the average daily attendance computed pursuant to paragraph (2) of subdivision (a) of Section 42238.05 for purposes of the computation specified in subdivision (d).

(B) For charter schools, the total current year average daily attendance in the corresponding grade level ranges.

(2) The amount computed pursuant to Article 4 (commencing with Section 42280) shall be added to the amount computed pursuant to paragraphs (1) to (4), inclusive, of subdivision (d), as multiplied by subparagraph (A) or (B) of paragraph (1), as appropriate.

(j) The Superintendent shall adjust the sum of each school district's or charter school's amount determined in subdivisions (g) to (i), inclusive, pursuant to the calculation specified in Section 42238.03, less the sum of the following:

(1) (A) For school districts, the property tax revenue received pursuant to Chapter 3.5 (commencing with Section 75) and Chapter 6 (commencing with Section 95) of Part 0.5 of Division 1 of the Revenue and Taxation Code.

(B) For charter schools, the in-lieu property tax amount provided to a charter school pursuant to Section 47635.

(2) The amount, if any, received pursuant to Part 18.5 (commencing with Section 38101) of Division 2 of the Revenue and Taxation Code.

(3) The amount, if any, received pursuant to Chapter 3 (commencing with Section 16140) of Part 1 of Division 4 of Title 2 of the Government Code.

(4) Prior years' taxes and taxes on the unsecured roll.

(5) Fifty percent of the amount received pursuant to Section 41603.

(6) The amount, if any, received pursuant to the Community Redevelopment Law (Part 1 (commencing with Section 33000) of Division 24 of the Health and Safety Code), less any amount received pursuant to Section 33401 or 33676 of the Health and Safety Code that is used for land acquisition, facility construction, reconstruction, or remodeling, or deferred maintenance and that is not an amount received pursuant to Section 33492.15, or paragraph (4) of subdivision (a) of Section 33607.5, or Section 33607.7 of the Health and Safety Code that is allocated exclusively for educational facilities.

(7) The amount, if any, received pursuant to Sections 34177, 34179.5, 34179.6, 34183, and 34188 of the Health and Safety Code.

(8) Revenue received pursuant to subparagraph (B) of paragraph (3) of subdivision (e) of Section 36 of Article XIII of the California Constitution.

(k) A school district shall annually transfer to each of its charter schools funding in lieu of property taxes pursuant to Section 47635.

(l) (1) Nothing in this section shall be interpreted to authorize a school district that receives funding on behalf of a charter school pursuant to Section 47651 to redirect this funding for another purpose unless otherwise authorized in law pursuant to paragraph (2) or pursuant to an agreement between the charter school and its chartering authority.

(2) A school district that received funding on behalf of a locally funded charter school in the 2012–13 fiscal year pursuant to paragraph (2) of subdivision (b) of Section 42605, Section 42606, and subdivision (b) of Section 47634.1, as those sections read on January 1, 2013, or a school district that was required to pass through funding to a conversion charter school in the 2012–13 fiscal year pursuant to paragraph (2) of subdivision (b) of Section 42606, as that section read on January 1, 2013, may annually redirect for another purpose a percentage of the amount of the funding received on behalf of that charter school. The percentage of funding that may be redirected shall be determined pursuant to the following computation:

(A) (i) Determine the sum of the need fulfilled for that charter school pursuant to paragraph (3) of subdivision (b) of Section 42238.03 in the then current fiscal year for the charter school.

(ii) Determine the sum of the need fulfilled in every fiscal year before the then current fiscal year pursuant to paragraph (3) of subdivision (b) of Section 42238.03 adjusted for changes in

average daily attendance pursuant to paragraph (3) of subdivision (a) of Section 42238.03 for the charter school.

(iii) Subtract the amount computed pursuant to paragraphs (1) to (3), inclusive, of subdivision (a) of Section 42238.03 from the amount computed for that charter school under the local control funding formula entitlement computed pursuant to subdivision (i) of Section 42238.02.

(iv) Compute a percentage by dividing the sum of the amounts computed to clauses (i) and (ii) by the amount computed pursuant to clause (iii).

(B) Multiply the percentage computed pursuant to subparagraph (A) by the amount of funding the school district received on behalf of the charter school in the 2012–13 fiscal year pursuant to paragraph (2) of subdivision (b) of Section 42605, Section 42606, and subdivision (b) of Section 47634.1, as those sections read on January 1, 2013.

(C) The maximum amount that may be redirected shall be the lesser of the amount of funding the school district received on behalf of the charter school in the 2012–13 fiscal year pursuant to paragraph (2) of subdivision (b) of Section 42605, Section 42606, and subdivision (b) of Section 47634.1, as those sections read on January 1, 2013, or the amount computed pursuant to subparagraph (B).

(3) Commencing with the 2013–14 fiscal year, a school district operating one or more affiliated charter schools shall provide each affiliated charter school schoolsite with no less than the amount of funding the schoolsite received pursuant to the charter school block grant in the 2012–13 fiscal year.

(m) Any calculations in law that are used for purposes of determining if a local educational agency is an excess tax school entity or basic aid school district, including, but not limited to, this section and Sections 42238.03, 41544, 47632, 47660, 47663, 48310, and 48359.5, and Section 95 of the Revenue and Taxation Code, shall be made exclusive of the revenue received pursuant to subparagraph (B) of paragraph (3) of subdivision (e) of Section 36 of Article XIII of the California Constitution.

(n) The funds apportioned pursuant to this section and Section 42238.03 shall be available to implement the activities required pursuant to Article 4.5 (commencing with Section 52060) of Chapter 6.1 of Part 28 of Division 4 of Title 2.

(o) A school district that does not receive an apportionment of state funds pursuant to this section, as implemented pursuant to Section 42238.03, excluding funds apportioned pursuant to the requirements of subdivision (e) of Section 42238.03 shall be considered a “basic aid school district” or an “excess tax entity.”

Section 42238.025 of the Education Code is amended to read:

42238.025. (a) In the 2013–14 fiscal year, the Superintendent shall compute an economic recovery target rate for each school district and charter school equal to the sum of the following:

(1) (A) For each school district, the school district’s revenue limit in the 2012–13 fiscal year as computed pursuant to this article, as this article read on January 1, 2013, divided by the 2012–13 fiscal year average daily attendance of the school district computed pursuant to Section 42238.05. For purposes of this section, average daily attendance shall include any applicable revenue limit average daily attendance and shall be considered final for purposes of this section as of the annual apportionment for the 2012–13 fiscal year, as calculated for purposes of the certification required on or before February 20, 2014, pursuant to Sections 41332 and 41339.

(B) For each charter school, the charter school's general purpose funding as computed pursuant to Article 2 (commencing with Section 47633) of Chapter 6 of Part 26.8 of Division 4, as that article read on January 1, 2013, and the in-lieu property tax amount provided to the charter school pursuant to Section 47635, as that section read on January 1, 2013, divided by the 2012–13 fiscal year average daily attendance of the charter school computed pursuant to Section 42238.05. For purposes of this section, average daily attendance shall include any applicable charter school general purpose funding average daily attendance and shall be considered final for purposes of this section as of the annual apportionment for the 2012–13 fiscal year, as calculated for purposes of the certification required on or before February 20, 2014, pursuant to Sections 41332 and 41339.

(C) The amounts determined pursuant to subparagraphs (A) and (B) shall not reflect the deficit factor adjustments set forth in Section 42238.146 as that section read on January 1, 2013.

(D) The amounts determined pursuant to subparagraphs (A) and (B) shall be adjusted for the cost-of-living adjustment for the 2013–14 fiscal year pursuant to paragraph (2) of subdivision (d) of Section 42238.02 and an annual average cost-of-living adjustment of 1.94 percent for the 2014–15 fiscal year to the 2020–21 fiscal year, inclusive.

(2) (A) For each school district and charter school, the sum of the entitlements from items contained in Section 2.00 of the Budget Act of 2012 for Items 6110-104-0001, 6110-105-0001, 6110-108-0001, 6110-111-0001, 6110-124-0001, 6110-128-0001, 6110-137-0001, 6110-144-0001, 6110-156-0001, 6110-181-0001, 6110-188-0001, 6110-189-0001, 6110-190-0001, 6110-193-0001, 6110-195-0001, 6110-198-0001, 6110-204-0001, 6110-208-0001, 6110-209-0001, 6110-211-0001, 6110-212-0001, 6110-227-0001, 6110-228-0001, 6110-232-0001, 6110-240-0001, 6110-242-0001, 6110-243-0001, 6110-244-0001, 6110-245-0001, 6110-246-0001, 6110-247-0001, 6110-248-0001, 6110-260-0001, 6110-265-0001, 6110-267-0001, 6110-268-0001, 6360-101-0001, 2012–13 fiscal year funding for the Class Size Reduction Program pursuant to Chapter 6.10 (commencing with Section 52120) of Part 28 of Division 4, as it read on January 1, 2013, and 2012–13 fiscal year funding for pupils enrolled in community day schools who are mandatorily expelled pursuant to subdivision (d) of Section 48915, divided by the 2012–13 fiscal year average daily attendance of the school district computed pursuant to Section 42238.05. **For purposes of this subparagraph, 2012-13 entitlements shall be considered final as of the annual apportionment for the 2012-13 fiscal year, as calculated for purposes of the certification required on or before February 20, 2014, pursuant to Sections 41332 and 41339.**

(B) The amounts determined pursuant to this subdivision shall not be adjusted for the reduction set forth in Section 12.42 of the Budget Act of 2012.

(b) Of the amounts computed for school districts pursuant to subdivision (a), the Superintendent shall determine the funding rate per unit of average daily attendance above which fall not more than 10 percent of the total number of school districts statewide.

(c) The Superintendent shall compute a 2020–21 fiscal year local control funding formula rate for each school district and charter school equal to the amount computed pursuant to Section 42238.02 for the 2013–14 fiscal year, adjusted for an annual average cost-of-living adjustment of 1.94 percent for the 2014–15 fiscal year to the 2020–21 fiscal year, inclusive, divided by the 2012–13 2013-14 fiscal year average daily attendance of the school district or charter school computed pursuant to Section 42238.05. **For purposes of this subdivision, the amount computed pursuant to Section 42238.02 for the 2013–14 fiscal year shall be considered final as of the second principal apportionment for the 2013–14 fiscal year, unless otherwise specified**

in law, as calculated for purposes of the certification required on or before July 2, 2014, pursuant to Sections 41335 and 41339.

(d) (1) For each school district and charter school that has a funding rate per unit of average daily attendance computed pursuant to subdivision (a) that is equal to, or below, the funding rate per unit of average daily attendance determined pursuant to subdivision (b), the Superintendent shall subtract the amount computed pursuant to subdivision (c) from the amount computed pursuant to subdivision (a). Each school district or charter school for which this calculation yields an amount greater than zero shall be eligible for an economic recovery target payment equal to the amount of the difference. A school district or charter school that has a funding rate per unit of average daily attendance calculated pursuant to subdivision (a) that exceeds the rate calculated pursuant to subdivision (b) shall not be eligible for an economic recovery target payment.

(2) Each school district or charter school eligible for an economic recovery target payment pursuant to paragraph (1) shall receive the following apportionments:

(A) For the 2013–14 fiscal year, one-eighth of the amount calculated pursuant to paragraph (1) multiplied by the 2012–13 fiscal year average daily attendance computed pursuant to Section 42238.05.

(B) For the 2014–15 fiscal year, ~~two-eighths~~ one-quarter of the amount calculated pursuant to paragraph (1) multiplied by the 2012–13 fiscal year average daily attendance computed pursuant to Section 42238.05.

(C) For the 2015–16 fiscal year, three-eighths of the amount calculated pursuant to paragraph

(1) multiplied by the 2012–13 fiscal year average daily attendance computed pursuant to Section 42238.05.

(D) For the 2016–17 fiscal year, ~~four-eighths~~ one-half of the amount calculated pursuant to paragraph (1) multiplied by the 2012–13 fiscal year average daily attendance computed pursuant to Section 42238.05.

(E) For the 2017–18 fiscal year, five-eighths of the amount calculated pursuant to paragraph (1) multiplied by the 2012–13 fiscal year average daily attendance computed pursuant to Section 42238.05.

(F) For the 2018–19 fiscal year, ~~six-eighths~~ three-quarters of the amount calculated pursuant to paragraph (1) multiplied by the 2012–13 fiscal year average daily attendance computed pursuant to Section 42238.05.

(G) For the 2019–20 fiscal year, seven-eighths of the amount calculated pursuant to paragraph

(1) multiplied by the 2012–13 fiscal year average daily attendance computed pursuant to Section 42238.05.

(H) For the 2020–21 fiscal year and each fiscal year thereafter, the amount calculated pursuant to paragraph (1) multiplied by the 2012–13 fiscal year average daily attendance computed pursuant to Section 42238.05.

(3) In each fiscal year until a determination has been made that all school districts and charter schools equal or exceed the local control funding formula target computed pursuant to Section 42238.02, as determined by the calculation of a zero difference pursuant to paragraph (1) of

subdivision (b) of Section 42238.03, the economic recovery target payment apportioned to each eligible school district or charter school pursuant to paragraph (2) shall be added to the school district's or charter school's funding amounts that are continuously appropriated pursuant to subdivision (a) of Section 42238.03 and included in the amount of funding that ~~may~~ shall be offset pursuant to subdivision (c) of Section 42238.03. The amount apportioned pursuant to paragraph (2) shall not receive a cost-of-living adjustment.

(4) Commencing with the first fiscal year in which all school districts and charter schools are apportioned funding pursuant to Section 42238.02, the economic recovery target calculated pursuant to subparagraph (H) of paragraph (2) shall be included as an add-on to the amounts computed pursuant to subdivisions (c) to (i), inclusive, of Section 42238.02 and included in the amount of funding that may be offset pursuant to subdivision (j) of Section 42238.02. The amount included as an add-on pursuant to this paragraph shall not receive a cost-of-living adjustment.

Section 42238.03 of the Education Code is amended to read:

42238.03. (a) Commencing with the 2013–14 fiscal year and each fiscal year thereafter, the Superintendent shall calculate a base entitlement for the transition to the local control funding formula for each school district and charter school equal to the sum of the amounts computed pursuant to paragraphs (1) to (4), inclusive. The amounts computed pursuant to paragraphs (1) to (4), inclusive, shall be continuously appropriated pursuant to Section 14002.

(1) The current fiscal year base entitlement funding level shall be the sum of all of the following:

(A) For school districts, revenue limits in the 2012–13 fiscal year as computed pursuant to Article 2 (commencing with Section 42238), as that article read on January 1, 2013, divided by the 2012–13 average daily attendance of the school district computed pursuant to Section 42238.05. That quotient shall be multiplied by the current fiscal year average daily attendance of the school district computed pursuant to Section 42238.05. A school district's 2012–13 fiscal year revenue limit funding shall exclude amounts computed pursuant to Article 4 (commencing with Section 42280). For purposes of this subparagraph, 2012–13 fiscal year average daily attendance and 2012–13 fiscal year revenue limits shall be considered final as of the annual apportionment for the 2012–13 fiscal year, ~~unless otherwise specified in law~~, as calculated for purposes of the certification required on or before February 20, 2014, pursuant to Sections 41332 and 41339.

(B) (i) For charter schools, general purpose funding as computed pursuant to Article 2 (commencing with Section 47633) of Chapter 6, as that article read on January 1, 2013, and the amount of in-lieu property tax provided to the charter school pursuant to Section 47635, as that section read on June 30, 2013, divided by the 2012–13 average daily attendance of the charter school computed pursuant to Section 42238.05. That quotient shall be multiplied by the current fiscal year average daily attendance of the charter school computed pursuant to Section 42238.05. For purposes of this subparagraph, 2012–13 fiscal year average daily attendance and 2012–13 fiscal year general purpose funding, as computed pursuant to Article 2 (commencing with Section 47633) of Chapter 6 of Part 26.8 of Division 4, as that article read on January 1, 2013, shall be considered final as of the annual apportionment for the 2012–13 fiscal year, ~~unless otherwise specified in law~~, as calculated for purposes of the certification required on or before February 20, 2014, pursuant to Sections 41332 and 41339.

(ii) The amount computed pursuant to clause (i) shall exclude funds received by a charter school pursuant to Section 47634.1, as that section read on January 1, 2013.

(C) The amount computed pursuant to subparagraph (A) shall exclude funds received pursuant to Section 47633, as that section read on January 1, 2013.

(D) For school districts, funding for qualifying necessary small high school and necessary small elementary schools shall be adjusted to reflect the funding levels that correspond to the 2012–13 necessary small high school and necessary small elementary school allowances pursuant Article 4 (commencing with Section 42280) and Section 42238.146, as those provisions read on January 1, 2013. For purposes of this subparagraph, 2012–13 fiscal year average daily attendance and 2012–13 fiscal year necessary small high school and necessary small elementary school allowances calculated pursuant to Article 4 (commencing with Section 42280) and Section 42238.146, as those provisions read on January 1, 2013, shall be considered final as of the annual apportionment for the 2012–13 fiscal year, unless otherwise specified in law, as calculated for purposes of the certification required on or before February 20, 2014, pursuant to Sections 41332 and 41339.

(2) (A) Entitlements from items contained in Section 2.00, as adjusted pursuant to Section 12.42, of the Budget Act of 2012 for Items 6110-104-0001, 6110-105-0001, 6110-108-0001, 6110-111-0001, 6110-124-0001, 6110-128-0001, 6110-137-0001, 6110-144-0001, 6110-156-0001, 6110-181-0001, 6110-188-0001, 6110-189-0001, 6110-190-0001, 6110-193-0001, 6110-195-0001, 6110-198-0001, 6110-204-0001, 6110-208-0001, 6110-209-0001, 6110-211-0001, 6110-212-0001, 6110-227-0001, 6110-228-0001, 6110-232-0001, 6110-240-0001, 6110-242-0001, 6110-243-0001, 6110-244-0001, 6110-245-0001, 6110-246-0001, 6110-247-0001, 6110-248-0001, 6110-260-0001, 6110-265-0001, 6110-267-0001, 6110-268-0001, 6360-101-0001, 2012–13 fiscal year funding for the Class Size Reduction Program pursuant to Chapter 6.10 (commencing with Section 52120) of Part 28 of Division 4, as it read on January 1, 2013, and 2012–13 fiscal year funding for pupils enrolled in community day schools who are mandatorily expelled pursuant to subdivision (d) of Section 48915. The entitlement for basic aid school districts shall include the reduction of 8.92 percent as applied pursuant to subparagraph (A) of paragraph (1) of subdivision (a) of Section 89 of Chapter 38 Section 3 of Chapter 2 of the Statutes of 2012. For purposes of this subparagraph, 2012–13 fiscal year entitlements shall be considered final as of the annual apportionment for the 2012–13 fiscal year, unless otherwise specified in law, as calculated for purposes of the certification required on or before February 20, 2014, pursuant to Sections 41332 and 41339.

(B) Commencing with the 2014-15 fiscal year, the entitlements identified in subparagraph (A) shall be adjusted to reflect the exclusion of one-time redevelopment agency liquid asset recovery revenue, pursuant to Section 34179.5 and following, of the Health and Safety Code, before the application of the 8.92-percent reduction applied pursuant to subparagraph (A) of paragraph (1) of subdivision (a) of Section 3 of Chapter 2 of the Statutes of 2012.

(C) Commencing with the 2014–15 fiscal year, entitlements from Items 6110-122-0001 and 6110-167-0001 of Section 2.00 of the Budget Act of 2013. For the purpose of this subparagraph, 2013-14 fiscal year entitlements shall be considered final as of the annual apportionment for the 2013-14 fiscal year, as calculated for purposes of the certification required on or before February 20, 2015, pursuant to Sections 41332 and 41339.

(3) The allocations pursuant to Sections 42606 and 47634.1, as those sections read on January 1, 2013, divided by the 2012–13 average daily attendance of the charter school computed pursuant to Section 42238.05. That quotient shall be multiplied by the current fiscal year average daily attendance of the charter school computed pursuant to Section 42238.05.

(4) The amount allocated to a school district or charter school pursuant to paragraph (3) of subdivision (b) for the fiscal years before the current fiscal year divided by the average daily attendance of the school district or charter school for the fiscal years before the current fiscal year computed pursuant to Section 42238.05. That quotient shall be multiplied by the current fiscal year average daily attendance of the school district or charter school computed pursuant to Section 42238.05.



(5) (A) For the 2013–14 and 2014–15 fiscal years only, a school district that, in the 2012–13 fiscal year, from any of the funding sources identified in paragraph (1) or (2), received funds on behalf of, or provided funds to, a regional occupational center or program joint powers agency established in accordance with Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code for purposes of providing instruction to secondary pupils shall not redirect that funding for another purpose unless otherwise authorized in law or pursuant to an agreement between the regional occupational center or program joint powers agency and the contracting school district.

(B) For the 2013–14 and 2014–15 fiscal years only, if a regional occupational center or program joint powers agency established in accordance with Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code for purposes of providing instruction to pupils enrolled in grades 9 to 12, inclusive, received, in the 2012–13 fiscal year, an apportionment of funds directly from any of the funding sources identified in subparagraph (A) of paragraph (2) of subdivision (a), the Superintendent shall apportion that same amount to the regional occupational center or program joint powers agency.

(6) (A) (i) For the 2013–14 and 2014–15 fiscal years only, a school district that, in the 2012–13 fiscal year, from any of the funding sources identified in paragraph (1) or (2), received funds on behalf of, or provided funds to, a home-to-school transportation joint powers agency established in accordance with Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code for purposes of providing pupil transportation shall not redirect that funding for another purpose unless otherwise authorized in law or pursuant to an agreement between the home-to-school transportation joint powers agency and the contracting school district.

(ii) For the 2013–14 and 2014–15 fiscal years only, if a home-to-school transportation joint powers agency established in accordance with Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code for purposes of providing pupil transportation received, in the 2012–13 fiscal year, an apportionment of funds directly from the Superintendent from any of the funding sources identified in subparagraph (A) of paragraph (2) of subdivision (a), the Superintendent shall apportion that same amount to the home-to-school transportation joint powers agency.

(B) In addition to subparagraph (A), of the funds a school district receives for home-to-school transportation programs the school district shall expend, pursuant to Article 2 (commencing with Section 39820) of Chapter 1 of Part 23.5, Article 10 (commencing with Section 41850) of Chapter 5, and the Small School District Transportation program, as set forth in Article 4.5 (commencing with Section 42290) of Chapter 7 of Part 24 of Division 3 of Title 2, no less for those programs than the amount of funds the school district expended for home-to-school transportation in the 2012–13 fiscal year.

(7) For the 2013–14 and 2014–15 fiscal years only, of the funds a school district receives for purposes of regional occupational centers or programs, or adult education, the school district shall expend no less than the amount of funds the school district expended for purposes of regional occupational centers or programs, or adult education, respectively, in the 2012–13 fiscal year. For purposes of this paragraph, a school district may include expenditures made by its county office of education within the school district for purposes of regional occupational centers or programs so long as the total amount of expenditures by the school district and the county office of education equal or exceed the total amount required to be expended for purposes of regional occupational centers or programs pursuant to this paragraph and paragraph (3) of subdivision (k) of Section 2575.

(b) Compute an annual local control funding formula transition adjustment for each school district and charter school as follows:

(1) Subtract the amount computed pursuant to paragraphs (1) to (4), inclusive, of subdivision (a) from the amount computed for each school district or charter school under the local control funding formula entitlements computed pursuant to Section 42238.02. School districts and charter schools with a negative difference shall be deemed to have a zero difference.

(2) Each school district's and charter school's total need, as calculated pursuant to paragraph (1), shall be divided by the sum of all school districts' and charter schools' total need to determine the school district's or charter school's respective proportions of total need.

(3) (A) Each school district's and charter school's proportion of total need shall be multiplied by any available appropriations specifically made for purposes of this subdivision, and added to the school district's or charter school's funding amounts as calculated pursuant to subdivision (a).

(B) For purposes of subparagraph (A), the proportion of total need that is funded from any available appropriations specifically made for purposes of this subdivision for a fiscal year shall be considered final as of the second principal apportionment for that fiscal year. Adjustments to a school district's or charter school's total need, as computed pursuant to paragraph (1), subsequent to the second principal apportionment for a fiscal year, shall be funded based on the fixed proportion of total need that is funded for that fiscal year pursuant to this subdivision and shall be continuously appropriated pursuant to Section 14002.

(4) If the total amount of funds appropriated for purposes of paragraph (3) pursuant to this subdivision are sufficient to fully fund any positive amounts computed pursuant to paragraph (1), the local control funding formula grant computed pursuant to subdivision (c) of Section 42238.02 shall be adjusted to ensure that any available appropriation authority is expended for purposes of the local control funding formula.

(5) Commencing with the first fiscal year after either paragraph (4) of this subdivision or paragraph (2) of subdivision (g) applies, the adjustments in paragraph (2) of subdivision (d) of Section 42238.02 shall be made only if an appropriation for those adjustments is included in the annual Budget Act.

(c) The Superintendent shall subtract from the amounts computed pursuant to subdivisions (a) and (b) the sum of the following:

(1) (A) For school districts, the property tax revenue received pursuant to Chapter 3.5 (commencing with Section 75) and Chapter 6 (commencing with Section 95) of Part 0.5 of Division 1 of the Revenue and Taxation Code.

(B) For charter schools, the in-lieu property tax amount provided to a charter school pursuant to Section 47635.

(2) The amount, if any, received pursuant to Part 18.5 (commencing with Section 38101) of Division 2 of the Revenue and Taxation Code.

(3) The amount, if any, received pursuant to Chapter 3 (commencing with Section 16140) of Part 1 of Division 4 of Title 2 of the Government Code.

(4) Prior years' taxes and taxes on the unsecured roll.

(5) Fifty percent of the amount received pursuant to Section 41603.

(6) The amount, if any, received pursuant to the Community Redevelopment Law (Part 1 (commencing with Section 33000) of Division 24 of the Health and Safety Code), less any amount received pursuant to Section 33401 or 33676 of the Health and Safety Code that is used for land acquisition, facility construction, reconstruction, or remodeling, or deferred maintenance and that is not an amount received pursuant to Section 33492.15, or paragraph (4) of subdivision (a) of Section 33607.5, or Section 33607.7 of the Health and Safety Code that is allocated exclusively for educational facilities.

(7) The amount, if any, received pursuant to Sections 34177, 34179.5, 34179.6, 34183, and 34188 of the Health and Safety Code.

(8) Revenue received pursuant to subparagraph (B) of paragraph (3) of subdivision (e) of Section 36 of Article XIII of the California Constitution.

(d) A school district or charter school that has a zero difference pursuant to paragraph (1) of subdivision (b) in the prior fiscal year shall receive an entitlement equal to the amount calculated pursuant to Section 42238.02 in the current fiscal year and future fiscal years.

(e) Notwithstanding the computations pursuant to subdivisions (b) to (d), inclusive, and Section 42238.02, commencing with the 2013–14 fiscal year, a school district or charter school shall receive state-aid funding of no less than the sum of the amounts computed pursuant to paragraphs (1) to (3), inclusive.

(1) (A) For school districts, revenue limits in the 2012–13 fiscal year as computed pursuant to Article 2 (commencing with Section 42238), as that article read on January 1, 2013, divided by the 2012–13 average daily attendance of the school district computed pursuant to Section 42238.05. That quotient shall be multiplied by the current fiscal year average daily attendance of the school district computed pursuant to Section 42238.05. A school district's 2012–13 revenue limit funding shall exclude amounts computed pursuant to Article 4 (commencing with Section 42280). For purposes of this subparagraph, 2012–13 fiscal year average daily attendance and 2012–13 fiscal year revenue limits shall be considered final as of the annual apportionment for the 2012–13 fiscal year, unless otherwise specified in law, as calculated for purposes of the certification required on or before February 20, 2014, pursuant to Sections 41332 and 41339.

(B) (i) For charter schools, general purpose funding in the 2012–13 fiscal year as computed pursuant to Article 2 (commencing with Section 47633) of Chapter 6, as that article read on January 1, 2013, and the amount of in-lieu property tax provided to the charter school in the 2012–13 fiscal year pursuant to Section 47635, as that section read on January 1, 2013, divided by the 2012–13 average daily attendance of the charter school computed pursuant to Section 42238.05. That quotient shall be multiplied by the current fiscal year average daily attendance of the charter school computed pursuant to Section 42238.05. For purposes of this subparagraph, 2012–13 fiscal year average daily attendance and 2012–13 fiscal year general purpose funding, as computed pursuant to Article 2 (commencing with Section 47633) of Chapter 6 of Part 26.8 of Division 4, as that article read on January 1, 2013, shall be considered final as of the annual apportionment for the 2012–13 fiscal year, unless otherwise specified in law, as calculated for purposes of the certification required on or before February 20, 2014, pursuant to Sections 41332 and 41339.

(ii) The amount computed pursuant to clause (i) shall exclude funds received by a charter school pursuant to Section 47634.1, as that section read on January 1, 2013.

(C) The amount computed pursuant to subparagraph (A) shall exclude funds received pursuant to Section 47633, as that section read on January 1, 2013.

(D) For school districts, the 2012–13 funding allowance provided for qualifying necessary small high schools and necessary small elementary schools pursuant to Article 4 (commencing with Section 42280) and Section 42238.146, as those provisions read on January 1, 2013.

(E) The amount computed pursuant to subparagraphs (A) to (D), inclusive, shall be reduced by the sum of the amount computed pursuant to paragraphs (1) to (8), inclusive, of subdivision (c).

(2) (A) Entitlements from items contained in Section 2.00, as adjusted pursuant to Section 12.42, of the Budget Act of 2012 for Items 6110-104-0001, 6110-105-0001, 6110-108-0001, 6110-111-0001, 6110-124-0001, 6110-128-0001, 6110-137-0001, 6110-144-0001, 6110-156-0001, 6110-181-0001, 6110-188-0001, 6110-189-0001, 6110-190-0001, 6110-193-0001, 6110-195-0001, 6110-198-0001, 6110-204-0001, 6110-208-0001, 6110-209-0001, 6110-211-0001, 6110-212-0001, 6110-227-0001, 6110-228-0001, 6110-232-0001, 6110-240-0001, 6110-242-0001, 6110-243-0001, 6110-244-0001, 6110-245-0001, 6110-246-0001, 6110-247-0001, 6110-248-0001, 6110-260-0001, 6110-265-0001, 6110-267-0001, 6110-268-0001, 6360-101-0001, 2012–13 fiscal year funding for the Class Size Reduction Program pursuant to Chapter 6.10 (commencing with Section 52120) of Part 28 of Division 4, as it read on January 1, 2013, and 2012–13 fiscal year funding for pupils enrolled in community day schools who are mandatorily expelled pursuant to subdivision (d) of Section 48915. ~~Notwithstanding Section 39 of Chapter 38 of the Statutes of 2012, t~~The entitlement for basic aid school districts shall include the reduction of 8.92 percent as applied pursuant to subparagraph (A) of paragraph (1) of subdivision (a) of **Section 89 of Chapter 38** ~~Section 3 of Chapter 2~~ of the Statutes of 2012. For purposes of this subparagraph, 2012–13 fiscal year entitlements shall be considered final as of the annual apportionment for the 2012–13 fiscal year, unless otherwise specified in law, as calculated for purposes of the certification required on or before February 20, 2014, pursuant to Sections 41332 and 41339.

(B) Commencing with the 2014–15 fiscal year, the entitlements identified in subparagraph (A) shall be adjusted to reflect the exclusion of one-time redevelopment agency liquid asset recovery revenue, pursuant to Section 34179.5 and following, of the Health and Safety Code, before the application of the 8.92-percent reduction applied pursuant to subparagraph (A) of paragraph (1) of subdivision (a) of Section 3 of Chapter 2 of the Statutes of 2012.

(C) Commencing with the 2014–15 fiscal year, entitlements from Items 6110-122-0001 and 6110-167-0001 of Section 2.00 of the Budget Act of 2013. For the purpose of this subparagraph, 2013-14 fiscal year entitlements shall be considered final as of the annual apportionment for the 2013-14 fiscal year, as calculated for purposes of the certification required on or before February 20, 2015, pursuant to Sections 41332 and 41339.

~~(B)~~ (D) The Superintendent shall annually apportion any entitlement provided to the state special schools from the items specified in subparagraph (A) to the state special schools in the same amount as the state special schools received from those items in the 2012–13 fiscal year.

(3) The allocations pursuant to Sections 42606 and 47634.1, as those sections read on January 1, 2013, divided by the 2012–13 average daily attendance of the charter school. That quotient shall be multiplied by the current fiscal year average daily attendance of the charter school.

(f) (1) For purposes of this section, commencing with the 2013–14 fiscal year and until all school districts and charter schools equal or exceed their local control funding formula target computed pursuant to Section 42238.02, as determined by the calculation of a zero difference pursuant to paragraph (1) of subdivision (b), a newly operational charter school shall be determined to have a prior year per average daily attendance funding amount equal to the lesser of:

(A) The prior year funding amount per unit of average daily attendance for the school district in which the charter school is physically located. The Superintendent shall calculate the funding amount per unit of average daily attendance for this purpose by dividing the total local control funding formula entitlement, calculated pursuant to subdivisions (a) and (b), received by that school district in the prior year by prior year funded average daily attendance of that school district. For purposes of this subparagraph, a charter school that is physically located in more than one school district shall use the calculated local control funding entitlement per unit of average daily attendance of the school district with the highest prior year funding amount per unit of average daily attendance. **For purposes of this subparagraph, the prior year funding amount per unit of average daily attendance for the school district in which the charter school is physically located shall be considered final as of the second principal apportionment of the prior fiscal year.**

(B) The charter school's local control funding formula rate computed pursuant to subdivisions (c) to (i), inclusive, of Section 42238.02.

(2) For charter schools funded pursuant to paragraph (1), the charter school shall be eligible to receive growth funding pursuant to subdivision (b) toward meeting the newly operational charter school's local control funding formula target.

(3) Upon a determination that all school districts and charter schools equal or exceed the local control funding formula target computed pursuant to Section 42238.02, as determined by the calculation of a zero difference pursuant to paragraph (1) of subdivision (b) for all school districts and charter schools, this subdivision shall not apply and the charter school shall receive an allocation equal to the amount calculated under Section 42238.02 in that fiscal year and future fiscal years.

**(3) For purposes of this subdivision, the determination of a charter school's physical location shall be considered final as of the second principal apportionment for the applicable fiscal year, unless otherwise specified in law.**

(g) (1) In each fiscal year the Superintendent shall determine the percentage of school districts that are apportioned funding pursuant to this section that is less than the amount computed pursuant to Section 42238.02 as of the second principal apportionments of the fiscal year. If the percentage is less than 10 percent, the Superintendent shall apportion funding to school districts and charter schools equal to the amount computed pursuant to Section 42238.02 in that fiscal year.

(2) For each fiscal year thereafter, the Superintendent shall apportion funding to a school district and charter school equal to the amount computed pursuant to Section 42238.02.

Section 42238.05 of the Education Code is amended to read:

(a). For purposes of Sections 42238.02, 42238.025, and 42238.03, the fiscal year average daily attendance for a school district shall be computed pursuant to paragraphs (1) to (3), inclusive, as applicable.

(1) The second principal apportionment regular average daily attendance for either the current or prior fiscal year, whichever is greater, excluding units of average daily attendance resulting from pupils attending schools funded pursuant to Article 4 (commencing with Section 42280).

(2) The units of average daily attendance resulting from pupils attending schools funded pursuant to Article 4 (commencing with Section 42280).

(3) Prior fiscal year average daily attendance shall be adjusted for any loss or gain of average daily attendance due to a reorganization or transfer of territory.

(b) For purposes of this article, regular average daily attendance shall be the base grant average daily attendance.

(c) For purposes of this section, the Superintendent shall distribute total ungraded enrollment and average daily attendance among kindergarten and each of grades 1 to 12, inclusive, in proportion to the amounts of graded enrollment and average daily attendance, respectively, in each of these grades.

(d) Subdivisions (a) to (c), inclusive, shall only apply to average daily attendance generated by school districts and shall not apply to average daily attendance generated by charter schools.

(e) A pupil shall not be counted more than once for purposes of calculating average daily attendance pursuant to this section.

(f) For purposes of Sections 42238.02, 42238.025, and 42238.03, average daily attendance for a charter school shall be the total current year average daily attendance in the corresponding grade level ranges for the charter school ~~as computed pursuant to Section 47634.3.~~

Section 42238.054 is added to the Education Code, to read:

42238.054. (a) Sections 42238.051 and 42238.052 do not apply to resident pupils in charter schools operating under the districtwide charter of a school district that has converted all of its schools to charter status pursuant to Section 47606 ~~and has elected to be funded under the school district local control funding formula, not as a charter school, pursuant to Section 42238.02, as implemented pursuant to Section 42238.03.~~

(b) For purposes of this section, "resident pupils" means pupils who reside in, and are otherwise eligible to attend, a school in the specified school district.

Section 42238.18 of the Education Code is amended to read:

42238.18. (a) Notwithstanding any other provision of law, only those pupils enrolled in county office of education programs while detained in a juvenile hall, juvenile home, day center, juvenile ranch, juvenile camp, or regional youth educational facility established pursuant to Article 23 (commencing with Section 850), Article 24 (commencing with Section 880), and Article 24.5 (commencing with Section 894) of Chapter 2 of Part 1 of Division 2 of the Welfare and Institutions Code shall be counted as juvenile court school pupils. For purposes of apportionments, those pupils in a group home housing 25 or more children placed pursuant to Sections 362, 727, and 730 of the Welfare and Institutions Code or in any group home housing 25 or more children and operating one or more additional sites under a central administration for children placed pursuant to Section 362, 727, or 730 of the Welfare and Institutions Code shall be reported as county group home and institutions pupils to the Superintendent and shall be counted as juvenile court school pupils for purposes of apportionments.

~~(b) Notwithstanding any other provision of law, any county superintendent of schools operating juvenile court schools, county group home and institutions schools, or community schools, or any combination of these schools shall maintain an account in their general fund to be known as the juvenile court and community school account, and shall deposit all funds derived from the operation of juvenile court, county group home and institutions schools, and community schools into that account. Expenditures from the juvenile court and community school account shall be limited to the following:~~

~~(1) Those expenditures defined as direct costs of instructional programs by the California State School Accounting Manual, except that facility costs, including the costs of renting, leasing, purchasing, remodeling, constructing, or improving buildings and the costs of purchasing or improving land, shall be allowed as an instructional cost in the juvenile court and community school fund. Deferred maintenance contributions made pursuant to Section 17584 may also be allowed as an instructional cost of juvenile court and county community school programs, provided the contribution does not exceed the program's proportionate share of total county school service fund expenditures as defined in Section 17584, and provided the funds are used for deferred maintenance of juvenile court and county community school facilities.~~

~~(2) Expenditures that are defined as documented direct support costs by the California State School Accounting Manual.~~

~~(3) Expenditures that are defined as allocated direct support costs by the California State School Accounting Manual.~~

~~(4) Other expenditures for support and indirect charges. However, these charges may not exceed 10 percent of the sum of the expenditures in paragraphs (1), (2), and (3). Expenditures that represent contract payments to other agencies for the operation of juvenile court and community school programs shall be included in the juvenile court and community school account and the contract costs distributed to the cost categories defined in paragraphs (1), (2), (3), and (4). At the end of any given school year the net ending balance in the juvenile court and community school account may be distributed to a reserved account for economic contingencies or to a reserved account for capital outlay, provided that the combined total transferred does not exceed 15 percent of the current year's authorized expenditures as specified above and also provided that funds placed in the reserved accounts shall only be expended for juvenile court, county group home and institutions, or community school programs. The net ending balance, except for those funds placed in a capital outlay fund, shall not exceed the greater of 15 percent of the previous year's expenditures or twenty-five thousand dollars (\$25,000). A county may accumulate over a period of two or more given school years a net ending balance in the capital outlay reserved account of more than 15 percent of the current fiscal year's expenditures under provisions of a resolution of the governing board. Funds in the capital outlay reserve are to be used for capital outlay only. The Superintendent shall require an annual certification by county superintendents of schools beginning in the 1989-90 fiscal year that juvenile court, county group home and institutions, and community school funds have been expended as provided in this section and shall withhold from the subsequent year's apportionment an amount equal to any excess ending balance or excess transfers, as provided in this subdivision, in the juvenile court and community school account.~~

~~(e)~~(b) Notwithstanding any other provision of law, pupils who are referred by the county probation department under Section 601 or 654 of the Welfare and Institutions Code, shall be enrolled and eligible for apportionments in county community schools only after an individualized review and certification of the appropriateness of enrollment in the county group home and institution's school or county community school. The individualized review shall include representatives of the court, the county department of education, the county probation department, and either the school district of residence or, in cases in which the pupil resides in a group home or institution, the school district in which the group home or institution is located, and, in each case, the school district representative shall agree to the appropriateness of the proposed placement and pupils so placed shall have a probation officer assigned to their case.

~~(d)~~(c) Regardless of the operative date of the amendments to this section made during the 1997 portion of the 1997–98 Regular Session, this section, as so amended, shall be implemented as though it had been operative on July 1, 1996. For the purpose of implementing this section for the entire 1996–97 fiscal year, the Superintendent and other public officers shall take all necessary steps to effect the required adjustments and shall have authority to adjust allowance computations, apportionments, and disbursements ordered from Section A of the State School Fund and other public funds.

**(d) Notwithstanding any other law, effective July 1, 2013 a county office of education may spend funds previously accumulated in the capital outlay reserve established pursuant to paragraph (4) of subdivision (b), as that subdivision read on June 30, 2013, for any of the purposes specified in its local control and accountability plan adopted pursuant to Section 52066.**

Section 42238.20 of the Education Code is amended to read:

42238.20. (a) Notwithstanding any other law, commencing in the 2008-09 fiscal year, the minimum schoolday for a pupil concurrently enrolled in regular secondary school classes and classes operating pursuant to a joint powers agreement that became effective before January 1, 2008, is 180 minutes. These regular secondary school classes constitute regular school classes for the purposes of Section 46010.3.

(b) For a pupil described in subdivision (a), the average daily attendance shall be included as school district average daily attendance computed pursuant to Section 42238.05.

(c) For purposes of computing attendance pursuant to Section 46300 or any other law, immediate supervision and control of pupils while attending classes pursuant to a joint powers agreement described in subdivision (a) is deemed satisfied regardless of the school district employing the certificated employee providing the supervision and control, provided the school district is a party to the joint powers agreement.

(d) This section shall become inoperative on July 1, 2017, and, as of January 1, 2018, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2018, deletes or extends the dates on which it becomes inoperative and is repealed.

Section 42238.53 of the Education Code is repealed.

~~42238.53. (a) Sections 42238.51 and 42238.52 do not apply to resident pupils in charter schools operating under the districtwide charter of a district that has converted all of its schools to charter status pursuant to Section 47606 and has elected not to be funded pursuant to Article 2 (commencing with Section 47633) of Chapter 6 of Part 26.~~

~~(b) For the purposes of this section, "resident pupils" means pupils who reside in, and are otherwise eligible to attend, a school in the specified district.~~

Section 42284 of the Education Code is amended to read:

42284. (a) For each district with fewer than 2,501 units of average daily attendance, on account of each necessary small high school, the **county superintendent of schools Superintendent** shall make one of the following computations selected with regard only to the number of certificated employees employed or average daily attendance, whichever provides the lesser amount:

Minimum  
number



Average daily attendance	of certificated employees	Amount to be computed
1- 19 .....	less than 3	\$42,980 per teacher
1- 19 .....	3	191,340
20- 38 .....	4	234,320
39- 57 .....	5	277,300
58- 71 .....	6	320,280
72- 86 .....	7	363,260
87- 100 .....	8	406,240
101-114 .....	9	449,220
115-129 .....	10	492,200
130-143 .....	11	535,180
144-171 .....	12	578,160
172-210 .....	13	621,140
211-248 .....	14	664,120
249-286 .....	15	707,100

(b) For purposes of this section, a "certificated employee" means an equivalent full-time position of an individual holding a credential authorizing service and providing service in grades 9 to 12, inclusive, in any secondary school. Any fraction of an equivalent full-time position remaining after all equivalent full-time positions for certificated employees within the school district have been calculated shall be deemed to be a full-time position.

(c) A school district that qualifies under this section may use the funding calculation as provided in this section until the local control funding formula allocation pursuant to Section 42238.02, as implemented by Section 42238.03, per unit of average daily attendance multiplied by the average daily attendance produces state aid equal to the funding provided under this section.

Section 46200.5 of the Education Code is repealed.

~~46200.5 (a) In the 1985-86 fiscal year, for each county office of education that certifies to the Superintendent of Public Instruction that it offers 180 days or more of instruction per school year of special day classes pursuant to Section 56364.2, the Superintendent of Public Instruction shall determine an amount equal to seventy dollars (\$70) per unit of current year second principal apportionment average daily attendance for special day classes. This computation shall be included in computations made by the superintendent pursuant to Chapter 7.2 (commencing with Section 56836) of Part 30.~~

~~(b) For any county office of education that received an apportionment pursuant to subdivision (a) and that offered less than 180 days of instruction in the 1986-87 fiscal year, to the 2000-01 fiscal year, inclusive, and that does not provide the minimum number of instructional minutes specified in subdivision (a) of Section 46201 for that fiscal year, the Superintendent of Public Instruction shall reduce the special education apportionment per unit of average daily attendance for that fiscal year by an amount attributable to the increase received pursuant to subdivision (a), as adjusted in fiscal years subsequent to the 1985-86 fiscal year.~~

~~(c) For any county office of education that receives an apportionment pursuant to subdivision (a) and that offers less than 180 days of instruction or in multitrack year-round schools a minimum of 163 days, in the 2001-02 fiscal year, or any fiscal year thereafter, the Superintendent of Public Instruction shall withhold from the county office of education's revenue limit apportionment for the average daily attendance of each affected grade level the sum of 0.0056~~

multiplied by that apportionment, for each day less than 180 or, in multitrack year-round schools, for each day less than 163, that the county office of education offered.

~~(d) For any county office of education that received an apportionment pursuant to subdivision (a) and that offered less than 180 days of instruction as required in subdivision (a) in the 1986–87 fiscal year, to either the end of the final year of the teacher bargaining unit contract in force in that county office on January 1, 2002, inclusive, or, if no teacher bargaining unit contract was in force in that county office on January 1, 2002, to the end of the 2001–02 fiscal year, inclusive, and that provided the minimum number of instructional minutes in subdivision (a) of Section 46201.5 during all of the period applicable to the county office pursuant to this subdivision, subdivision (c) does not apply until the first fiscal year following the end of the applicable period of years.~~

Section 46200.5 is added to the Education Code, to read:

46200.5. For a county office of education that received an apportionment pursuant to subdivision (c) of this section, as it read on January 1, 2013, and that offers fewer than 180 days of instruction, or, in multitrack year-round schools, fewer than the number of days required in subdivision (c) of this section, as it read on January 1, 2013, in the 2013–14 fiscal year or any fiscal year thereafter, the Superintendent shall withhold from the county superintendent of schools' local control funding formula alternative education grant computed pursuant to Section 2574, as apportioned pursuant to Section 2575, for the average daily attendance of each affected grade level, the sum of 0.0056 multiplied by that apportionment for each day less than what was required to avoid a reduction pursuant to this section, as it read on January 1, 2013, up to a maximum of five days.

Section 46201.5 of the Education Code is repealed.

~~**46201.5. (a) In each of the 1985–86 and 1986–87 fiscal years, for each county office of education that certifies to the Superintendent of Public Instruction that, for special day classes pursuant to Section 56364.2, it offers at least the amount of instructional time specified in this subdivision, the Superintendent of Public Instruction shall determine an amount equal to eighty dollars (\$80) in the 1985–86 fiscal year and forty dollars (\$40) in the 1986–87 fiscal year per unit of current year second principal apportionment average daily attendance for special day classes in kindergarten and grades 1 to 8, inclusive, and one hundred sixty dollars (\$160) in the 1985–86 fiscal year and eighty dollars (\$80) in the 1986–87 fiscal year per unit of current year second principal apportionment average daily attendance for special day classes in grades 9 to 12, inclusive.**~~

~~This computation shall be included in computations made by the superintendent pursuant to Article 2 (commencing with Section 56836.06) of Chapter 7.2 of Part 30.~~

~~(1) In the 1985–86 fiscal year:~~

~~(A) 34,500 minutes in kindergarten.~~

~~(B) 47,016 minutes in grades 1 to 3, inclusive.~~

~~(C) 50,000 minutes in grades 4 to 8, inclusive.~~

~~(D) 57,200 minutes in grades 9 to 12, inclusive.~~

~~(2) In the 1986–87 fiscal year:~~

~~(A) 36,000 minutes in kindergarten.~~

~~(B) 50,400 minutes in grades 1 to 3, inclusive.~~

~~(C) 54,000 minutes in grades 4 to 8, inclusive.~~

~~(D) 64,800 minutes in grades 9 to 12, inclusive.~~

~~(b) Each county office of education that receives an apportionment pursuant to subdivision (a) in a fiscal year shall, in the subsequent fiscal year, add the amount received per pupil to the county office's base special education apportionment.~~

~~(c) For each county office of education that receives an apportionment pursuant to subdivision (a) in the 1985-86 fiscal year, and that reduces the amount of instructional time offered below the minimum amounts specified in paragraph (1) of subdivision (a) in the 1986-87 fiscal year, or any fiscal year thereafter, up to and including the 2000-01 fiscal year, the Superintendent of Public Instruction shall reduce the special education apportionment for the fiscal year in which the reduction occurs by an amount attributable to the increase in the 1986-87 fiscal year special education apportionment pursuant to subdivision (b), as adjusted in the 1986-87 fiscal year and fiscal years thereafter.~~

~~(d) For each county office of education that receives an apportionment pursuant to subdivision (a) in the 1986-87 fiscal year and that reduces the amount of instructional time offered below the minimum amounts specified in paragraph (2) of subdivision (a) in the 1987-88 fiscal year, or any fiscal year thereafter, up to and including the 2000-01 fiscal year, the superintendent shall reduce the special education apportionment for the fiscal year in which the reduction occurs by an amount attributable to the increase in the 1987-88 fiscal year special education apportionment pursuant to subdivision (b), as adjusted in the 1987-88 fiscal year and fiscal years thereafter.~~

~~(e) For each county office of education that receives an apportionment pursuant to subdivision (a) in the 1986-87 fiscal year and that reduces the amount of instructional time offered below the minimum amounts specified in paragraph (2) of subdivision (a) in the 2001-02 fiscal year, or any fiscal year thereafter, the Superintendent of Public Instruction shall withhold from the special education apportionment for the average daily attendance of each affected grade level, the sum of that apportionment multiplied by the percentage of the minimum offered minutes at that grade level that the county office of education failed to offer.~~

Section 46201.5 is added to the Education Code, to read:

46201.5. (a) For a county office of education that received an apportionment pursuant to subdivision (a) of this section, as it read on January 1, 2013, and that reduces the amount of instructional time offered below the minimum amounts specified in subdivision (b), the Superintendent shall withhold from the county superintendent of schools' county local control funding formula grant apportionment computed pursuant to Section 2574, as apportioned pursuant to Section 2575, for the average daily attendance of each affected grade level, the sum of that apportionment multiplied by the percentage of the minimum offered minutes at that grade level that the county office of education failed to offer.

(b) Commencing with the 2013-14 fiscal year, a county office of education shall, at a minimum, offer the following amount of instructional time:

(1) Thirty-six thousand minutes in kindergarten.

(2) Fifty thousand four hundred minutes in grades 1 to 3, inclusive.

(3) Fifty-four thousand minutes in grades 4 to 8, inclusive.

(4) Sixty-four thousand eight hundred minutes in grades 9 to 12, inclusive.

Section 46380 of the Education Code is amended to read:

46380. The average daily attendance for the fiscal year of pupils residing in any county of this state and attending a school in an adjoining state under Article 1 (commencing with Section 2000) of Chapter 7 shall be computed by dividing the total number of days of attendance of the pupils in the school by the number of days the school was maintained during that fiscal year, but by not less than 175, ~~and the average daily attendance so computed shall be credited to the county school tuition fund.~~

Section 46610 of the Education Code is amended to read:

46610. (a)(1) Notwithstanding any other provision of law, the Fallbrook Union High School District shall enter into an interdistrict attendance agreement with the Capistrano Unified School District to allow any pupil, at the request of his or her parent or guardian, to attend schools of the Capistrano Unified School District when the pupil resides in the San Onofre housing area of the Marine Corps Base, Camp Joseph H. Pendleton. No more than 150 pupils from the Fallbrook Union High School District may attend school in the Capistrano Unified School District pursuant to this interdistrict attendance agreement.

(2) The Fallbrook Union High School District shall be credited with the average daily attendance of these pupils solely ~~for the purpose of determining state apportionments and revenue limits and for the purpose~~ purposes of receiving federal grants pursuant to Public Law 81-874.

(b) The Fallbrook Union High School District shall pay tuition to the Capistrano Unified School District for the attendance of these pupils only in the amount ~~of the state apportionments paid to the Fallbrook Union High School District for the attendance of these pupils, plus an amount~~ computed pursuant to paragraphs (1) and (2), as follows:

(a) (1) Divide the amount of funds paid pursuant to Section 3 of Public Law 81-874 (20 U.S.C. 238) to the Fallbrook Union High School District in the current fiscal year by the average daily attendance of the school district in the current fiscal year.

(b) (2) Multiply the amount in subdivision (a) by the average daily attendance, for the year of attendance for secondary school pupils attending the schools of the Capistrano Unified School District pursuant to Section 46610.

(c) Notwithstanding any other law, the amount of state apportionments provided to the Fallbrook Union High School District and the Capistrano Unified School District for the 2012-13 fiscal year pursuant to this section and Section 46111, as these sections read on June 1, 2013, shall be included in the computations made pursuant to paragraph (2) of subdivision (a) of Section 42238.025, paragraph (2) of subdivision (a) of Section 42238.03, and paragraph (2) of subdivision (e) of Section 42238.03. For the purpose of calculating funding pursuant to subparagraphs (a) and (e) of Section 42238.03, the district of residence shall be credited with the 2012-13 revenue limit funding received for the pupils reported pursuant to this Section, net of tuition paid to the district of attendance. For the purposes of calculating funding pursuant to subparagraphs (a) and (e) of Section 42238.03, the district of attendance shall be credited with the average daily attendance of the pupils reported in

**2012-13 and tuition received pursuant to this section and Section 46611 as those sections read for the 2012-13 fiscal year.**

Section 46611 of the Education Code is repealed.

~~(a) When an interdistrict attendance agreement is entered into pursuant to Section 46610, the Superintendent of Public Instruction shall apportion from Section A of the State School Fund to the Capistrano Unified School District the allowance computed in subdivision (b) for educating secondary school pupils attending pursuant to the agreement during the year the pupils are in attendance in that district reduced by the amounts payable to Capistrano Unified School District by the Fallbrook Union High School District pursuant to Section 46610.~~

~~(b) The Superintendent of Public Instruction shall compute an allowance for educating secondary school pupils, as follows:~~

~~(1) Compute, for the year of attendance, the statewide average revenue limit per unit of average daily attendance for high school districts with more than 300 units of average daily attendance.~~

~~(2) From the amount in paragraph (1), subtract one hundred dollars (\$100).~~

~~(3) Multiply the amount in paragraph (2) by the average daily attendance, for the year of attendance, for secondary school pupils attending the schools of the Capistrano Unified School District pursuant to Section 46610.~~

Section 47613 of the Education Code is amended to read:

***47613. (a) Except as set forth in subdivision (b), a chartering authority may charge for the actual costs of supervisory oversight of a charter school not to exceed 1 percent of the revenue of the charter school.***

(b) A chartering authority may charge for the actual costs of supervisory oversight of a charter school not to exceed 3 percent of the revenue of the charter school if the charter school is able to obtain substantially rent free facilities from the chartering authority.

(c) A local agency that is given the responsibility for supervisory oversight of a charter school, pursuant to paragraph (1) of subdivision (k) of Section 47605, may charge for the actual costs of supervisory oversight, and administrative costs necessary to secure charter school funding. A charter school that is charged for costs under this subdivision may not be charged pursuant to subdivision (a) or (b).

(d) This section does not prevent the charter school from separately purchasing administrative or other services from the chartering authority or any other source.

(e) For purposes of this section, a chartering authority means a school district, county board of education, or the state board, that granted the charter to the charter school.

(f) For purposes of this section, "revenue of the charter school" means the **general purpose entitlement and categorical block grant, as defined in subdivisions (a) and (b) of Section 47632 amount received for the current year local control funding formula pursuant to Section 42238.02, as implemented by Section 42238.03.**

(g) For purposes of this section, "costs of supervisory oversight" includes, but is not limited to, costs incurred pursuant to Section 47607.3.

Section 47613.1 of the Education Code is amended to read:

47613.1. The Superintendent of Public Instruction shall make all of the following apportionments on behalf of a charter school in a school district in which all schools have been converted to charter schools pursuant to Section 47606, ~~and that elects not to be funded pursuant to the block grant funding model set forth in Section 47633 in each fiscal year that the charter school so elects:~~

(a) From funds appropriated to Section A of the State School Fund for apportionment for that fiscal year pursuant to Article 2 (commencing with Section 42238) of Chapter 7 of Part 24, an amount for each unit of current fiscal year regular average daily attendance in the charter school ~~that is equal to the current fiscal year base revenue limit for the school district to which the charter petition was submitted~~ multiplied by the funding rates calculated pursuant to Section 42238.02 as implemented by Section 42238.03, except attendance generated by students who are residents of the district may be funded pursuant to paragraph (1) of subdivision (a) of Section 42238.05.

(b) For each pupil enrolled in the charter school who is entitled to special education services, the state and federal funds for special education services for that pupil that would have been apportioned for that pupil to the school district to which the charter petition was submitted.

(c) Funds for the programs described in clause (i) of subparagraph (B) of paragraph (1) of subdivision (a) of Section 54761, and Sections 63000 and 64000, to the extent that any pupil enrolled in the charter school is eligible to participate.

(d) Transfer of funding in lieu of property taxes pursuant to section 47635 shall not apply.

(e) For each pupil residing in the district and receiving instruction by the county office of education, the all-charter district shall be treated as a regular school district for purposes of Section 2576.

(f) The provisions of subparagraph (A) of paragraph (2) of subdivision (f) of Section 42238.02 relating to limiting the concentration funding to the level of the district in which the charter school is physically located shall not apply.

(g) Consistent with Section 47630, necessary small school funding shall not be provided.

Section 47631 of the Education Code is amended to read:

47631. (a) Article 3 (commencing with Section 47636) shall not apply to a charter granted pursuant to Section 47605.5.

(b) A charter school authorized pursuant to Section 47605.5 shall receive the average daily attendance rate calculated pursuant to paragraph (1) of subdivision (c) of Section 2574 for enrolled pupils who are identified as any of the following:

(1) Probation-referred pursuant to Section 300, 601, 602, or 654 of the Welfare and Institutions Code.

(2) On probation or parole and not attending a school.

(3) Expelled for any of the reasons specified in subdivision (a) or (c) of Section 48915.

(4) Attending schools or classes established pursuant to Article 2.5 (commencing with Section 48645) of Chapter 4 of Part 27.

(c) A charter school authorized pursuant to Section 47605.5 shall be funded pursuant to the local control funding formula pursuant to Section 42238.02, as implemented by Section 42238.03, for all pupils except for pupils funded pursuant to subdivision (b).

(d) A charter school authorized pursuant to Section 47605.5 shall be funded pursuant to the local control funding formula pursuant to Section 2575 for pupils receiving the average daily attendance rate computed pursuant to paragraph (1) of subdivision (c) of Section 2574 and identified in paragraphs (1) to (4), inclusive, of subdivision (b).

Section 47632 of the Education Code is amended to read:

47632. For purposes of this chapter, the following terms shall be defined as follows:

(a) "General-purpose entitlement" means an amount computed by the local control funding formula pursuant to Section 42238.02, as implemented by Section 42238.03.

(b) "Economic impact aid-eligible pupils" means those pupils that are included in the economic impact aid-eligible pupil count pursuant to Section 54023. For purposes of applying Section 54023 to charter schools, "economically disadvantaged pupils" means the pupils described in paragraph (2) of subdivision (a) of Section 54026.

(c) "General-purpose funding" means those funds that consist of state aid, local property taxes, and other revenues applied toward a school district's local control funding formula, pursuant to Section 42238.02, as implemented by Section 42238.03.

(d) "Categorical aid" means aid that consists of state or federally funded programs, or both, which are apportioned for specific purposes set forth in statute or regulation.

(e) "Educationally disadvantaged pupils" means those pupils who meet federal eligibility criteria for free and reduced-price meals as specified in Section 49531, as that section read on January 1, 2013, except in regard to meals in family day care homes.

(f) "Operational funding" means all funding except funding for capital outlay.

(g) "School district of a similar type" means a school district that is serving similar grade levels.

(h) "Similar pupil population" means similar numbers of pupils by grade level, with a similar proportion of educationally disadvantaged pupils.

(i) "Sponsoring local educational agency" means the following:

(1) If a charter school is granted by a school district, the sponsoring local educational agency is the school district.

(2) If a charter is granted by a county office of education after having been previously denied by a school district, the sponsoring local educational agency means the school district that initially denied the charter petition.

(3) If a charter is granted by the state board after having been previously denied by a local educational agency, the sponsoring local educational agency means the local educational agency designated by the state board pursuant to paragraph (1) of subdivision (k) of Section

47605 or if a local educational agency is not designated, the local educational agency that initially denied the charter petition.

(4) For pupils attending county-sponsored charter schools ~~who are eligible to attend these schools solely as a result of parental request pursuant to subdivision (b) of Section 4984 pursuant to Section 47605.5 that do not meet the eligibility criteria in subdivision (b) of Section 47631~~, the sponsoring local educational agency means the pupils' school district of residence.

(5) For pupils attending countywide charter schools pursuant to Section 47605.6 who reside in a basic aid school district, the sponsoring local educational agency means the school district of residence of the pupil. For purposes of this paragraph, "basic aid school district" means a school district that ~~does~~**did** not receive an apportionment of state funds as described in subdivision (o) of Section 42238.02 **in the prior fiscal year**.

Section 47634.3 of the Education Code is repealed.

~~47634.3. For purposes of Section 47633, the Superintendent shall compute average daily attendance in each of grades 1 through 12, respectively, as follows:~~

~~(a) Distribute statewide total ungraded enrollment and average daily attendance among kindergarten and each of grades 1 through 12, inclusive, in proportion to the amounts of graded enrollment and average daily attendance, respectively, in each of these grades.~~

~~(b) Multiply enrollment in each of grades 1 through 12, respectively, by the ratio of average daily attendance to enrollment in the applicable grade range: 1 through 3, inclusive; 4 through 6, inclusive; 7 and 8; and 9 through 12, inclusive.~~

Section 47635 of to the Education Code is amended to read:

47635. (a) A sponsoring local educational agency shall annually transfer to each of its charter schools funding in lieu of property taxes equal to the lesser of the following two amounts:

(1) The average amount of property taxes per unit of average daily attendance, including average daily attendance attributable to charter schools, received by the local educational agency, multiplied by the charter school's average daily attendance.

(2) The ~~statewide average~~ local control funding formula grant funding computed pursuant to subdivision (d) of Section 42238.02, per unit of average daily attendance ~~received by school districts, as determined by the department~~, multiplied by the charter school's average daily attendance in each of the four corresponding grade level ranges: kindergarten and grades 1, 2, and 3; grades 4, 5, and 6; grades 7 and 8; and grades 9 to 12, inclusive.

(3) Notwithstanding paragraph (2), until the Superintendent determines that a charter school is funded pursuant to Section 42238.02 in the prior fiscal year, the Superintendent shall apportion funding per unit of average daily attendance pursuant to this article. The base grant for purposes of paragraph (2) shall be the sum of the entitlements for the charter school in the specified fiscal year as computed pursuant to paragraphs (1) to (4), inclusive, of subdivision (a) of Section 42238.03 and paragraph (3) of subdivision (b) of Section 42238.03, multiplied by the ratio of local control funding formula base grant funding computed pursuant to subdivision (d) of Section 42238.02 to the local control funding formula amount for the fiscal year computed pursuant to Section 42238.02.



(4) If the sum of the funding transferred pursuant to this subdivision and the funding calculated pursuant to subdivision (e) of Section 42238.03 exceeds the sum of the amounts calculated pursuant to subdivisions (a) and (b) of Section 42238.03, the excess funding shall be used to offset funding calculated pursuant to subdivision (e) of Section 42238.03.

(b) The sponsoring local educational agency shall transfer funding in lieu of property taxes to the charter school in monthly installments, by no later than the 15th of each month.

(1) For the months of August to February, inclusive, a charter school's funding in lieu of property taxes shall be computed based on the amount of property taxes received by the sponsoring local educational agency during the preceding fiscal year, as reported to the Superintendent for purposes of the second principal apportionment. A sponsoring local educational agency shall transfer to the charter school the charter school's estimated annual entitlement to funding in lieu of property taxes as follows:

(A) Six percent in August.

(B) Twelve percent in September.

(C) Eight percent each month in October, November, December, January, and February.

(2) For the months of March to June, inclusive, a charter school's funding in lieu of property taxes shall be computed based on the amount of property taxes estimated to be received by the sponsoring local educational agency during the fiscal year, as reported to the Superintendent for purposes of the first principal apportionment. A sponsoring local educational agency shall transfer to each of its charter schools an amount equal to one-sixth of the difference between the school's estimated annual entitlement to funding in lieu of property taxes and the amounts provided pursuant to paragraph (1). An additional one-sixth of this difference shall be included in the amount transferred in the month of March.

(3) For the month of July, a charter school's funding in lieu of property taxes shall be computed based on the amount of property taxes estimated to be received by the sponsoring local educational agency during the prior fiscal year, as reported to the Superintendent for purposes of the second principal apportionment. A sponsoring local educational agency shall transfer to each of its charter schools an amount equal to the remaining difference between the school's estimated annual entitlement to funding in lieu of property taxes and the amounts provided pursuant to paragraphs (1) and (2).

(4) Final adjustments to the amount of funding in lieu of property taxes allocated to a charter school shall be made in February, in conjunction with the final reconciliation of annual apportionments to schools.

(5) Subdivision (a) and paragraphs (1) to (4), inclusive, do not apply for pupils who reside in, and are otherwise eligible to attend a school in, a basic aid school district, but who attend a charter school in a nonbasic aid school district. With regard to these pupils, the sponsoring basic aid school district shall transfer to the charter school an amount of funds equivalent to the local control funding formula grant pursuant to Section 42238.02, as implemented by Section 42238.03, earned through average daily attendance by the charter school for each pupil's attendance, not to exceed the average property tax share per unit of average daily attendance for pupils residing and attending in the basic aid school district. The transfer of funds shall be made in not fewer than two installments at the request of the charter school, the first occurring not later than February 1 and the second not later than June 1 of each school year. Payments shall reflect the average daily attendance certified for the time periods of the first and second principal apportionments, respectively. The Superintendent may not apportion any funds for the

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attendance of pupils described in this subdivision unless the amount transferred by the basic aid district is less than the local control funding formula grant pursuant to Section 42238.02, as implemented by Section 42238.03, earned by the charter school, in which event the Superintendent shall apportion the difference to the charter school from state funds.

~~(6)(A) Subdivision (a) and paragraphs (1) to (5), inclusive, shall not apply for pupils attending a countywide charter school authorized pursuant to Section 47605.6 who reside in, and are otherwise eligible to attend a school in, a basic aid school district. With regard to these pupils, the basic aid school district in which the pupil resides shall transfer to the countywide charter school the pupil attends an amount of funds equivalent to the county average of per-pupil in-lieu payments made to charter schools in the 2012-13 fiscal year, plus the annual cost-of-living adjustment computed pursuant to paragraph (2) of subdivision (d) of Section 42238.02. This transfer of funds shall continue until all charter schools and school districts are funded pursuant to Section 42238.02, at which time the amount of funding transferred from the basic aid school district to the countywide charter school shall be the local control funding formula grant computed pursuant to Section 42238.02 per unit of average daily attendance claimed by the countywide charter school that does not exceed the average property tax share per unit of average daily attendance for pupils residing in, or attending a school in, the basic aid school district, or the countywide charter school's local control funding formula grant computed pursuant to Section 42238.02, as implemented by Section 42238.03, whichever is greater. The transfer of funds shall be made in at least two installments at the request of the countywide charter school, with the first transfer occurring on or before February 1 and the second transfer occurring on or before June 1 of each school year. The transfer of funds shall reflect the average daily attendance certified for the time periods of the first and second principal apportionments, respectively.~~

~~(B) In determining if a school district is a basic aid school district for purposes of this paragraph, the school district's basic aid designation from the prior fiscal year shall be used.~~

(c) Notwithstanding subdivisions (a) and (b), for a pupil attending a county charter program school authorized pursuant to Section 47605.6 for whom the county office of education is not educationally responsible, the county charter program school may seek in-lieu property tax reimbursement from the pupil's school district of residence in an amount agreed upon by the county charter program school and the school district of residence.

Section 47663 of to the Education Code is amended to read:

47663. (a) (1) For a pupil of a charter school sponsored by a basic aid school district who resides in, and is otherwise eligible to attend, a school district other than a basic aid school district, the Superintendent shall apportion to the sponsoring school district an amount equal to 70 percent of the local control funding formula base grant computed pursuant to subdivision (d) of Section 42238.02, per unit of average daily attendance that would have been apportioned to the school district that the pupil resides in and would otherwise have been eligible to attend.

(2) Notwithstanding paragraph (1), until the Superintendent determines that the school district the pupil resides in, and would otherwise have been eligible to attend, is funded pursuant to Section 42238.02 in the prior fiscal year, the Superintendent shall apportion, for average daily attendance pursuant to this article, 70 percent of the sum of the entitlements for the school district that the pupil resides in, and would otherwise have been eligible to attend, for the specified fiscal year as computed pursuant to paragraphs (1) to (4), inclusive, of subdivision (a) of Section 42238.03 and paragraph (3) of subdivision (b) of Section 42238.03, divided by the average daily attendance for that fiscal year and then multiplied by the ratio of local control funding formula base grant funding computed pursuant to subdivision (d) of Section 42238.02 to

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the local control funding formula amount for the fiscal year computed pursuant to Section 42238.02.

**(3) Notwithstanding paragraph (2), if the entitlements for the school district of residence computed pursuant to paragraphs (1) to (4), inclusive, of subdivision (a) of Section 42238.03 and paragraph (3) of subdivision (b) of Section 42238.03, include funding calculated pursuant to Article 4 (commencing with Section 42280) for the current fiscal year, the apportionment of state funds for the average daily attendance credited pursuant to this section shall be calculated pursuant to paragraph (1) of this subdivision.**

(b) A school district that loses basic aid status as a result of transferring property taxes to a charter school or schools pursuant to Section 47635 for pupils who reside in, and are otherwise eligible to attend, a school district other than the school district that sponsors the charter school, shall be eligible to receive a pro rata share of funding provided by subdivision (a), with the proration factor calculated as the ratio of the following:

(1) The amount of property taxes that the school district receives in excess of its total base grant per unit of average daily attendance calculated pursuant to Section 42238.02, as implemented by Section 42238.03, before any transfers made pursuant to Section 47635, except for transfers of in lieu of property taxes made for pupils who reside in, and would otherwise be eligible to attend, a school of the school district.

(2) The total amount of in lieu of property taxes transferred pursuant to Section 47635 to the charter school or schools that it sponsors, except for transfers of in lieu of property taxes made for pupils who reside in, and would otherwise be eligible to attend, a school of the school district.

(c) In no event shall the amount provided pursuant to this section exceed the amount of in lieu of property taxes transferred on behalf of charter school pupils who do not reside in the school district, less the proportionate amount of base grant state aid provided pursuant to Section 42238.02, as implemented by Section 42238.03, that is attributable to the charter school pupils who do not reside in the school district.

(d) The Superintendent shall not apportion funds for the attendance of a pupil in a charter school of a nonbasic aid school district who resides in, and is otherwise eligible to attend school in, a basic aid school district unless the pupil is subject to the ~~exception~~ exceptions set forth in ~~paragraph~~ paragraphs (5) and (6) of subdivision (b), and subdivision (c) of Section 47635.

(e) For purposes of this section, "basic aid school district" means a school district that does not receive from the state, for any fiscal year in which the subdivision is applied, an apportionment of state funds as described in subdivision (c) of Section 42238.02.

Section 48310 of the Education Code is amended to read:

48310. (a) The average daily attendance for pupils admitted by a school district of choice pursuant to this article shall be credited to that school district pursuant to Section 46607. The attendance report for the school district of choice may include an identification of the school district of residence.

(b) Notwithstanding other provisions of law, state aid for categorical education programs for pupils admitted under this article shall be apportioned to the school district of choice.

(c) (1) For a school district of choice that is a basic aid school district, the apportionment of state funds for average daily attendance credited pursuant to this section shall be 70 percent of the district local control funding formula base grant computed pursuant to subdivision (d) of Section

42238.02, as implemented by Section 42238.03, that would have been apportioned to the school district of residence.

(2) Notwithstanding paragraph (1), until the Superintendent determines that the school district of residence is funded pursuant to Section 42238.02 in the prior fiscal year, the Superintendent shall apportion, for average daily attendance pursuant to this article, 70 percent of the sum of the entitlements for the school district of residence for the specified fiscal year as computed pursuant to paragraphs (1) to (4), inclusive, of subdivision (a) of Section 42238.03 and paragraph (3) of subdivision (b) of Section 42238.03, divided by the average daily attendance pursuant to this article for that fiscal year and then multiplied by the ratio of local control funding formula base grant funding computed pursuant to subdivision (d) of Section 42238.02 to the local control funding formula amount for the fiscal year computed pursuant to Section 42238.02.

**(3) Notwithstanding paragraph (2), if the entitlements for the school district of residence computed pursuant to paragraphs (1) to (4), inclusive, of subdivision (a) of Section 42238.03 and paragraph (3) of subdivision (b) of Section 42238.03, include funding calculated pursuant to Article 4 (commencing with Section 42280) for the current fiscal year, the apportionment of state funds for the average daily attendance credited pursuant to this section shall be calculated pursuant to paragraph (1) of this subdivision.**

(34) For purposes of this subdivision, the term "basic aid school district" means a school district that does not receive from the state, for a fiscal year in which this subdivision is applied, an apportionment of state funds as described in subdivision (c) of Section 42238.02.

(d) The average daily attendance of pupils admitted by a school district of choice pursuant to this article shall be credited to that school district for purposes of any determination under Article 2 (commencing with Section 17010) of Chapter 12 of Part 10 of Division 1 of Title 1 that uses an average daily attendance calculation.

Section 48359.5 of the Education Code is amended to read:

48359.5. (a) For a school district of enrollment that is a basic aid school district, the apportionment of state funds for average daily attendance credited pursuant to this article shall be 70 percent of the school district local control funding formula base grant that would have been apportioned to the school district of residence pursuant to subdivision (d) of Section 42238.02. Apportionment of these funds shall begin in the second consecutive year of enrollment, and continue annually until the pupil graduates from, or is no longer enrolled in, the school district of enrollment.

(b) Notwithstanding subdivision (a), until the Superintendent determines that the school district of **enrollment-residence** is funded pursuant to Section 42238.02 in the prior fiscal year, the Superintendent shall apportion, for average daily attendance pursuant to this article, 70 percent of the sum of the entitlements for the school district of **enrollment-residence** for the specified fiscal year as computed pursuant to paragraphs (1) to (4), inclusive, of subdivision (a) of Section 42238.03 and paragraph (3) of subdivision (b) of Section 42238.03, divided by the average daily attendance pursuant to this article for that fiscal year and then multiplied by the ratio of local control funding formula base grant funding computed pursuant to subdivision (d) of Section 42238.02 to the local control funding formula amount for the fiscal year computed pursuant to Section 42238.02.

**(c) Notwithstanding subdivision (b), if the entitlements for the school district of residence computed pursuant to paragraphs (1) to (4), inclusive, of subdivision (a) of Section 42238.03 and paragraph (3) of subdivision (b) of Section 42238.03, include funding calculated pursuant to Article 4 (commencing with Section 42280) for the current fiscal**

year, the apportionment of state funds for the average daily attendance credited pursuant to this section shall be calculated pursuant to subparagraph (a) of this subdivision.

~~(e)~~ (d) For purposes of this section, "basic aid school district" means a school district that does not receive an apportionment of state funds as described in subdivision (o) of Section 42238.02 for a fiscal year in which this section may apply.

Section 52064 of to the Education Code is amended to read:

52064 (a) On or before March 31, 2014, the state board shall adopt templates for the following purposes:

(1) For use by school districts to meet the requirements of Sections 52060 to 52063, inclusive.

(2) For use by county superintendents of schools to meet the requirements of Sections 52066 to 52069, inclusive.

(3) For use by charter schools to meet the requirements of Section 47606.5.

(b) The templates developed by the state board shall allow a school district, county superintendent of schools, or charter school to complete a single local control and accountability plan to meet the requirements of this article and the requirements of the federal No Child Left Behind Act of 2001 related to local educational agency plans pursuant to Section 1112 of Subpart 1 of Part A of Title I of Public Law 107-110. The state board shall also take steps to minimize duplication of effort at the local level to the greatest extent possible. The template shall include guidance for school districts, county superintendents of schools, and charter schools to report both of the following:

(1) A listing and description of expenditures for the 2014–15 fiscal year, and each fiscal year thereafter, implementing the specific actions included in the local control and accountability plan.

(2) A listing and description of expenditures for the 2014–15 fiscal year, and each fiscal year thereafter, that will serve the pupils to whom one or more of the definitions in Section 42238.01 apply and pupils redesignated as fluent English proficient.

(c) If possible, the templates identified in paragraph (2) of subdivision (a) for use by county superintendents of schools shall allow a county superintendent of schools to develop a single local control and accountability plan that would also satisfy the requirements of Section 48926.

(d) The state board ~~shall not~~ adopt the template pursuant to the requirements of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code) or but shall instead adopt the template in accordance with the requirements of the Bagley-Keene Open Meeting Act (Article 9(commencing with Section 11120) of Chapter 1 of Part 1of Division 3of Title 2 of the Government Code). The state board may adopt emergency regulations for purposes of implementing this section.

(e) Revisions to a template or evaluation rubric shall be approved by the state board by January 31 before the fiscal year during which the template or evaluation rubric is to be used by a school district, county superintendent of schools, or charter school.

(f) The adoption of a template or evaluation rubric by the state board shall not create a requirement for a governing board of a school district, a county board of education, or a

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governing body of a charter school to submit a local control and accountability plan to the state board, unless otherwise required by federal law. The Superintendent shall not require a local control and accountability plan to be submitted by a governing board of a school district or the governing body of a charter school to the state board. The state board may adopt a template or evaluation rubric that would authorize a school district or a charter school to submit to the state board only the sections of the local control and accountability plan required by federal law.

Section 52070 of the Education Code is amended to read:

52070. (a) Not later than five days after adoption of a local control and accountability plan or annual update to a local control and accountability plan, the governing board of a school district shall file the local control and accountability plan or annual update to the local control and accountability plan with the county superintendent of schools.

(b) On or before August 15 of each year, the county superintendent of schools may seek clarification, in writing, from the governing board of a school district about the contents of the local control and accountability plan or annual update to the local control and accountability plan. Within 15 days the governing board of a school district shall respond, in writing, to requests for clarification.

(c) Within 15 days of receiving the response from the governing board of the school district, the county superintendent of schools may submit recommendations, in writing, for amendments to the local control and accountability plan or annual update to the local control and accountability plan. The governing board of a school district shall consider the recommendations submitted by the county superintendent of schools in a public meeting within 15 days of receiving the recommendations.

(d) The county superintendent of schools shall approve a local control and accountability plan or annual update to a local control and accountability plan on or before October 8, if he or she determines all of the following:

(1) The local control and accountability plan or annual update to the local control and accountability plan adheres to the template adopted by the state board pursuant to Section 52064.

(2) The budget for the applicable fiscal year adopted by the governing board of the school district includes expenditures sufficient to implement the specific actions and strategies included in the local control and accountability plan adopted by the governing board of the school district, based on the projections of the costs included in the plan.

(3) The local control and accountability plan or annual update to the local control and accountability plan adheres to the expenditure requirements adopted pursuant to Section 42238.07 for funds apportioned on the basis of the number and concentration of unduplicated pupils pursuant to Sections 42238.02 and 42238.03.

(e) If a county superintendent of schools has jurisdiction over a single school district, the Superintendent shall ~~designate a county superintendent of schools of an adjoining county to~~ perform the duties specified in this section.

Section 60118 of the Education Code is amended to read:

60118. ~~County offices of education may, at their option, be eligible to receive funds pursuant to this article. Allocations to county offices of education shall be based upon prior year average daily attendance in county operated educational programs and at the~~

~~average amount allocated to school districts per unit of average daily attendance.~~ For the purposes of this article, the terms "governing board of a school district" and "governing board" are deemed to include county boards of education.

Section 60119 of to the Education Code is amended to read:

60119. (a) ~~In order to be eligible to receive funds available for purposes of this article, the~~ The governing board of a school district shall take the following actions:

(1) (A) The governing board of a school district shall hold a public hearing or hearings at which the governing board of the school district shall encourage participation by parents, teachers, members of the community interested in the affairs of the school district, and bargaining unit leaders, and shall make a determination, through a resolution, as to whether each pupil in each school in the school district has sufficient textbooks or instructional materials, or both, that are aligned to the content standards adopted pursuant to Section 60605, ~~or 60605.8,~~ 60605.85, or former Section 60811.3 as it read on or before June 30, 2013, or adopted pursuant to Section 60811.4 on or after January 1, 2014 in each of the following subjects, as appropriate, that are consistent with the content and cycles of the curriculum framework adopted by the state board:

(i) Mathematics.

(ii) Science.

(iii) History-social science.

(iv) English language arts, including the English language development component of an adopted program.

(B) The public hearing shall take place on or before the end of the eighth week from the first day pupils attend school for that year. A school district that operates schools on a multitrack, year-round calendar shall hold the hearing on or before the end of the eighth week from the first day pupils attend school for that year on any tracks that begin a school year in August or September. ~~For purposes of the 2004-05 fiscal year only, the governing board of a school district shall make a diligent effort to hold a public hearing pursuant to this section on or before December 1, 2004.~~

(C) As part of the hearing required pursuant to this section, the governing board of a school district also shall make a written determination as to whether each pupil enrolled in a foreign language or health course has sufficient textbooks or instructional materials that are consistent with the content and cycles of the curriculum frameworks adopted by the state board for those subjects. The governing board of a school district also shall determine the availability of laboratory science equipment as applicable to science laboratory courses offered in grades 9 to 12, inclusive. The provision of the textbooks, instructional materials, or science equipment specified in this subparagraph is not a condition of receipt of funds provided by this subdivision.

(2) (A) If the governing board of a school district determines that there are insufficient textbooks or instructional materials, or both, the governing board of the school district shall provide information to classroom teachers and to the public setting forth, in the resolution, for each school in which an insufficiency exists, the percentage of pupils who lack sufficient standards-aligned textbooks or instructional materials in each subject area and the reasons that each pupil does not have sufficient textbooks or instructional materials, or both, and take any action, except an action that would require reimbursement by the Commission on State Mandates, to

ensure that each pupil has sufficient textbooks or instructional materials, or both, within two months of the beginning of the school year in which the determination is made.

(B) In carrying out subparagraph (A), the governing board of a school district may use moneys in any of the following funds:

(i) ~~Any any funds available for textbooks or instructional materials, or both, from categorical programs, including any funds allocated to school districts that have been appropriated in the annual Budget Act, received pursuant to Section 8880.5 of the Government Code.~~

(ii) ~~Any funds of the school district that are in excess of the amount available for each pupil during the prior fiscal year to purchase textbooks or instructional materials, or both.~~

(iii) ~~Any other funds available to the school district for textbooks or instructional materials, or both.~~

(b) The governing board of a school district shall provide 10 days' notice of the public hearing or hearings set forth in subdivision (a). The notice shall contain the time, place, and purpose of the hearing and shall be posted in three public places in the school district. The hearing shall be held at a time that will encourage the attendance of teachers and parents and guardians of pupils who attend the schools in the school district and shall not take place during or immediately following school hours.

(c) (1) For purposes of this section, "sufficient textbooks or instructional materials" means that each pupil, including English learners, has a standards-aligned textbook or instructional materials, or both, to use in class and to take home, **and that the textbook or instructional materials, or both, are from the same adoption, and that all pupils in the local educational agency who are enrolled in the same course have identical textbooks and instructional materials,** as specified in paragraph (3). This paragraph does not require two sets of textbooks or instructional materials for each pupil. The materials may be in a digital format as long as each pupil, at a minimum, has and can access the same materials in the class and to take home, as all other pupils in the same class or course in the school district and has the ability to use and access them at home.

(2) Sufficient textbooks or instructional materials as defined in paragraph (1) do not include photocopied sheets from only a portion of a textbook or instructional materials copied to address a shortage.

(3) Each local educational agency shall provide each pupil with standards-aligned textbooks or instructional materials from the same adoption. **However, a school district may purchase the newest adopted instructional materials for pupils in all of the neediest schools in the school district, defined as schools ranked in deciles 1 to 3, inclusive, of the base Academic Performance Index in any one of the past three school years, without incurring a duty to purchase these materials for pupils in the schools ranked in deciles 4 to 10, inclusive, of the base Academic Performance Index in the school district. For those schools that do not have at least one year of valid rankings in the base Academic Performance Index for the previous three years, a school district may establish criteria to define the "neediest schools" for the purposes of this subdivision.** This section does not require a local educational agency to purchase all of the instructional materials included in an adoption if the materials that are purchased are made available to all the pupils for whom they are intended in all of the schools within the local educational agency.



(d) The governing board of a school district that receives funds for instructional materials from any state source, including funds received pursuant to Sections 2574, 2575, 42238.02, and 42238.03, is subject to the requirements of this section.

(e) For the purpose of transitioning to instructional materials that are aligned with the common core academic content standards, it is the intent of the Legislature that textbooks, instructional materials, and supplemental instructional materials be deemed to be aligned with the content standards pursuant to subdivisions (a) and (c), and be deemed consistent with the content and cycles of the curriculum framework adopted by the state board pursuant to subdivision (a) if the textbooks, instructional materials, supplemental instructional materials, or a combination of any such materials are aligned to the content standards adopted pursuant to Section 60605, ~~or 60605.8, 60605.85, or former Section 60811.3 as it read on or before June 30, 2013, or adopted pursuant to Section 60811.4 on or after January 1, 2014.~~

(f) If any activities authorized pursuant to this section are found to be a state reimbursable mandate pursuant to Section 6 of Article XIII B of the California Constitution, funding provided for school districts and county offices of education pursuant to Sections 2574, 2575, 42238.02, and 42238.03 shall be used to directly offset any mandated costs.

#### Uncodified

For the 2014–15 fiscal year only, for tuition for pupils attending schools in adjoining states, the Superintendent of Public Instruction shall apportion to each applicable **county superintendent of schools** ~~school district~~ an amount sufficient to pay the amounts previously required or allowed to be paid ~~to a county office superintendent of schools~~ for the 2013-14 fiscal year, pursuant to Section 2002 to 2006, inclusive, as those sections read on June 1, 2013.

#### Mandates Statement

If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (Commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

#### Local Control Funding Formula Continuous Appropriation

The May Revision proposes the following trailer bill language changes. Incremental changes to the Governor's Budget proposal are highlighted in bold font.

Section 14002 of the Education Code is amended to read:

14002. (a) Notwithstanding any other law, upon certification of the Superintendent, the Controller shall transfer from the General Fund to Section A of the State School Fund during each fiscal year the ~~an~~ amount of moneys ~~that, with the addition of the amounts identified in subparagraphs (1) through (5), inclusive, of subdivision (c) of section 2575 and subparagraphs (1) through (8), inclusive, of subdivision (i) of section 42238.02, less any amount that is in excess of the Local Control Funding Formula entitlement of a county office of education, school district or charter school computed pursuant to subdivisions (e) and (g) of Section 2575 and Section 42238.02, as implemented by Section 42238.03, is equal to the proportion of the General Fund and Education Protection Account revenues and the allocated proceeds of local taxes that are subject to Section 8 of Article XVI of the California Constitution identified in the annual Budget Act;~~

(1) For the 2014-15 fiscal year, seventy six and seventeen hundredths percent.

(2) For the 2015-16 fiscal year, and each fiscal year thereafter, seventy nine percent.

(b) (1) In the absence of an adopted Budget Act for the 2014-15 fiscal year and each fiscal year thereafter, upon certification of the Superintendent, the Controller shall transfer from the General Fund to Section A of the State School Fund during each fiscal year the amount of moneys required to meet the amounts apportioned pursuant to paragraphs (1) and (2) of subdivision (c).

(2) For the purposes of the advance apportionment pursuant to Section 41330, the Superintendent shall utilize the General Fund and Education Protection Account revenues and proceeds of local taxes that are subject to Section 8 of Article XVI of the California Constitution estimated by the Department of Finance pursuant to subdivision (e) of Government Code Section 13308.

(c) The amounts transferred pursuant to this section shall be allocated by the Superintendent as follows:

(1) First, to meet the amounts apportioned pursuant to Sections 2577 and 42238.04.

(2) Second, to meet the amounts apportioned pursuant to subdivisions (e) and (g) of Section 2575 and Section 42238.02, as implemented by Section 42238.03, for each fiscal year. If the amount transferred pursuant to this section is insufficient to meet the amounts apportioned pursuant to subdivisions (e) and (g) of Section 2575, and Sections 2577, 42238.02, as implemented by Section 42238.03, and 42238.04, the apportionment to each county office of education, school district and charter school shall be prorated **based on funding apportioned pursuant to paragraph (4) subdivision (a) of section 42238.03 and subdivision (f) of section 2575.**

(3) Third, to be allocated pursuant to the calculations in subdivision (b) of Section 42238.03 and subdivision (f) of Section 2575. If, after the allocations made pursuant to subparagraphs (1) and (2), the amount transferred pursuant to this subdivision is insufficient to fully fund the calculations in subdivision (b) of Section 42238.03 and subdivision (f) of Section 2575, the allocation to each county office of education, school district and charter school shall be prorated **based on the amount of funding apportioned pursuant to paragraph (4) subdivision (a) of section 42238.03 and subdivision (f) of section 2575.** For the 2014-15 fiscal year, the amount allocated pursuant to this paragraph shall be sufficient to apportion the amount computed for the purposes of subdivision (f) of Section 2575 in the 2014-15 fiscal year.

(4) If the amounts transferred pursuant to this section exceed the amounts needed to meet the amounts apportioned pursuant to subdivisions (e) and (g) of Section 2575 and Sections 2577, 42238.02, as implemented by Section 42238.03, and 42238.04 and the amounts to be allocated pursuant to the calculations in subdivision (f) of Section 2575 and subdivision (b) of Section 42238.03, the Superintendent shall increase the adjustment made pursuant to Section 2574 and paragraph (2) of subdivision (d) of Section 42238.02 until the amount transferred pursuant to this section is allocated pursuant to subparagraphs (1), (2) and (3) of this subdivision required to meet the amounts apportioned pursuant to subdivisions (e) and (g) of Section 2575, and Sections 2577, 42238.02, as implemented by Section 42238.03, and 42238.04 for each fiscal year. If all school districts and charter schools are funded pursuant to the provisions of Section

~~42238.02 and all county superintendents of schools are funded at or above the calculation made pursuant to subdivision (d) of Section 2575, appropriations for local control funding formula cost-of-living adjustments pursuant to Section 2574 and paragraph (2) of subdivision (d) of Section 42238.02 shall be subject to an appropriation in the annual Budget Act.~~

(d) This section shall become inoperative commencing with the first fiscal year after which all school districts and charter schools are funded pursuant to the provisions of Section 42238.02 and all county superintendents of schools are funded at or above the calculation made pursuant to subdivision (d) of Section 2575, and as of the following January 1, is repealed.



EDMUND G. BROWN JR. • GOVERNOR

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Honorable Mark Leno, Chair  
Senate Budget and Fiscal Review Committee

Attention: Mr. Mark Ibele, Staff Director (2)

Honorable Nancy Skinner, Chair  
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

**Amendment to Various Budget Bill Items, Support and Local Assistance, Related to Child Care and State Preschool Programs, Department of Education**

**Child Care**

**Item 6110-194-0001, Local Assistance, Adjust CalWORKs Child Care Caseload Funding (Issue 853)**—It is requested that Item 6110-194-0001 be increased by \$14,628,000 to reflect revised cost estimates for CalWORKs Stage 2 (-\$15,617,000) and Stage 3 Child Care (\$30,245,000). This adjustment reflects a higher projected cost per case in Stages 2 and 3 than at Governor's Budget, as well as decreased caseload in Stage 2 of about 4,000 and increased caseload in Stage 3 of about 3,700.

**Item 6110-194-0001, Local Assistance, Adjust Non-Proposition 98 Child Care Programs for Growth (Issue 856)**—It is requested that Item 6110-194-0001 be increased by \$481,000 to reflect a revised growth adjustment of 0.49 percent. At the Governor's Budget, demographic information indicated a 0.42 percent increase in the 0-4 year old population.

It is requested that Provision 5 of this item be amended as follows:

"5. The amounts provided in Schedules (1.5)(a), (1.5)(c), (1.5)(d), and (1.5)(j) of this item reflect an adjustment to the base funding of 0.42 0.49 percent for an increase in the population of 0-4 year-olds."

**Items 6110-194-0001 and 6110-194-0890, Local Assistance, Adjust Federal Child Care Funds (Issues 858, 859, 860, and 861)**—It is requested that Item 6110-194-0890 be increased by \$24,425,000 to reflect the following: (1) an increase of \$7,102,000 in one-time federal funds available from prior years and (2) an increase of \$17,323,000 in ongoing federal funds. It is also requested that Item 6110-194-0001 be amended to reflect this change. These funds will offset a like amount of non-Proposition 98 General Fund in the CalWORKs Stage 3 child care program. The Governor's Budget identified \$20,723,000 of one-time carryover funds available in fiscal year 2014-15 and this adjustment will increase the total available carryover funds to \$27,825,000.

It is also requested that Provision 4 of Item 6110-194-0890 be amended as follows:

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"4. Of the funds appropriated in this item, ~~\$20,723,000~~\$27,825,000 is available on a one-time basis for CalWORKs Stage 3 child care from federal Child Care and Development Block Grant funds appropriated prior to the 2014-15 federal fiscal year."

**Item 6110-194-0001, Local Assistance, Remove Excess Authority from Child Care Programs (Issue 862)**—It is requested that Item 6110-194-0001 be decreased by \$15,852,000 to remove excess authority associated with federal sequestration. The 2013 Budget Act included this funding to backfill an anticipated sequester of federal child care funds that did not occur.

### **State Preschool Program**

**Item 6110-196-0001, Local Assistance, Adjust State Preschool for Growth (Issue 857)**—It is requested that Item 6110-196-0001 be increased by \$356,000 to reflect a revised growth adjustment of 0.49 percent. At the Governor's Budget, demographic information indicated a 0.42 percent increase in the 0-4 year old population.

It is requested that Provision 3 of this item be amended as follows:

"3. The amount provided in Schedule (1) reflects an adjustment to the base funding of ~~0.42~~0.49 percent for an increase in the population of 0-4 year-olds."

### **Race to the Top—Early Learning Challenge (RTT—ELC) Grant**

**Item 6110-200-0890, Local Assistance, RTT—ELC (Issue 854)**—It is requested that Item 6110-200-0890 be increased by \$1,774,000 to reflect changes in indirect cost rates and grant carryover available from 2013-14 for the RTT-ELC grant. This additional authority will not increase the total amount of the RTT-ELC grant; rather, funds are shifted between grant years.

**Item 6110-001-0890, State Operations, RTT—ELC (Issue 855)**—It is requested that Item 6110-001-0890 be increased by \$3,207,000 and that Item 6110-001-0001 be amended to reflect this change to reflect changes in indirect cost rates and grant carryover available from 2013-14 for the RTT-ELC grant. This additional authority will not increase the total amount of the RTT-ELC grant; rather, funds are shifted between grant years.

It is requested that Provision 19 of this item be amended as follows:

"19. Of the funds appropriated in this item, ~~\$2,240,000~~\$5,447,000 shall be available to support local quality improvement activities under the Race to the Top—Early Learning Challenge (RTT-ELC) grant, consistent with the plan approved by the Department of Finance."

### **Trailer Bill Language (see Attachment I)**

**State Median Income (SMI)**—It is requested that trailer bill language be adopted to continue the policy of setting the SMI, for purposes of qualifying for child care programs, at the level used in 2007-08. Funding proposed in the Governor's Budget is based on the 2007-08 SMI; however, corresponding trailer bill language was not proposed.

The effect of my requested action is reflected on the attachment.

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If you have any questions or need additional information regarding this matter, please call Ian Johnson, Principal Program Budget Analyst, at (916) 445-0328.

MICHAEL COHEN

Director

By:

/s/ Keely M. Bosler

KEELY M. BOSLER

Chief Deputy Director

Attachment

cc: Honorable Kevin de León, Chair, Senate Appropriations Committee  
Attention: Mr. Mark McKenzie, Staff Director  
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee  
Attention: Mr. Seren Taylor, Staff Director  
Honorable Mike Gatto, Chair, Assembly Appropriations Committee  
Attention: Mr. Geoff Long, Chief Consultant  
Honorable Jeff Gorell, Vice Chair, Assembly Budget Committee  
Attention: Mr. Eric Swanson, Staff Director  
Honorable Marty Block, Chair, Senate Budget and Fiscal Review Subcommittee No. 1  
Honorable Al Muratsuchi, Chair, Assembly Budget Subcommittee No. 2  
Mr. Mac Taylor, Legislative Analyst (4)  
Mr. Craig Cornett, Senate President pro Tempore's Office (2)  
Mr. Christopher W. Woods, Assembly Speaker's Office (2)  
Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office  
Honorable Tom Torlakson, Superintendent of Public Instruction, Department of Education  
Ms. Jeannie Oropeza, Deputy Superintendent, Department of Education  
Ms. Roxanne Eres, Fiscal and Administrative Services Director, Department of Education

## Proposed Trailer Bill Language

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**State Median Income (New for May Revision)**

Section 8263.1 of the Education Code is amended to read:

8263.1.

(a) For purposes of this chapter, "income eligible" means that a family's adjusted monthly income is at or below 70 percent of the state median income, adjusted for family size, and adjusted annually.

(b) Notwithstanding any other law, for the 2011–12 fiscal year, the income eligibility limits that were in effect for the 2007–08 fiscal year shall be reduced to 70 percent of the state median income that was in use for the 2007–08 fiscal year, adjusted for family size, effective July 1, 2011.

(c) Notwithstanding any other law, for the 2012–13 fiscal year, the income eligibility limits shall be 70 percent of the state median income that was in use for the 2007–08 fiscal year, adjusted for family size.

(d) Notwithstanding any other law, for the 2013–14 fiscal year, the income eligibility limits shall be 70 percent of the state median income that was in use for the 2007–08 fiscal year, adjusted for family size.

(e) Notwithstanding any other law, for the 2014–15 fiscal year, the income eligibility limits shall be 70 percent of the state median income that was in use for the 2007–08 fiscal year, adjusted for family size.

(ef) The income of a recipient of federal supplemental security income benefits pursuant to Title XVI of the federal Social Security Act (42 U.S.C. Sec. 1381 et seq.) and state supplemental program benefits pursuant to Title XVI of the federal Social Security Act and Chapter 3 (commencing with Section 12000) of Part 3 of Division 9 of the Welfare and Institutions Code shall not be included as income for purposes of determining eligibility for child care under this chapter.



**DEPARTMENT OF  
FINANCE**  
OFFICE OF THE DIRECTOR

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Honorable Mark Leno, Chair  
Senate Budget and Fiscal Review Committee

Attention: Mr. Mark Ibele, Staff Director (2)

Honorable Nancy Skinner, Chair  
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

**Amendment to Budget Bill Item 6120-011-0001, Support, California State Library**

**Increase Funding for Appointments to the State Library (Issue 002)**—It is requested that Item 6120-011-0001 be increased by \$192,000 and 2 positions to support the State Librarian.

On March 25, 2014, the Governor announced the appointment of a new State Librarian. The Governor has subsequently appointed a special assistant, effective April 14, 2014, to assist with various research projects on behalf of the librarian. An additional Administrative Assistant is also requested to support the librarian. This adjustment is necessary because funding and position authority for these additional positions were not included in the Governor's Budget.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Ian Johnson, Principal Program Budget Analyst, at (916) 445-0328.

MICHAEL COHEN  
Director  
By:

/s/ Keely M. Bosler

KEELY M. BOSLER  
Chief Deputy Director

Attachment

cc: On following page



cc: Honorable Kevin de León, Chair, Senate Appropriations Committee  
Attention: Mr. Mark McKenzie, Staff Director  
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee  
Attention: Mr. Seren Taylor, Staff Director  
Honorable Mike Gatto, Chair, Assembly Appropriations Committee  
Attention: Mr. Geoff Long, Chief Consultant  
Honorable Jeff Gorell, Vice Chair, Assembly Budget Committee  
Attention: Mr. Eric Swanson, Staff Director  
Honorable Marty Block, Chair, Senate Budget and Fiscal Review Subcommittee No. 1  
Honorable Al Muratsuchi, Chair, Assembly Budget Subcommittee No. 2  
Mr. Mac Taylor, Legislative Analyst (4)  
Mr. Craig Cornett, Senate President pro Tempore's Office (2)  
Mr. Christopher W. Woods, Assembly Speaker's Office (2)  
Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office  
Mr. Greg Lucas, State Librarian, California State Library  
Ms. Debbie Newton, Bureau Chief, Administrative Services Bureau, California State Library  
Ms. Sharleen Finn, Manager, Fiscal Services, California State Library



**DEPARTMENT OF  
FINANCE**  
OFFICE OF THE DIRECTOR

EDMUND G. BROWN JR. • GOVERNOR

STATE CAPITOL ■ ROOM 1145 ■ SACRAMENTO CA ■ 95814-4998 ■ WWW.DOF.CA.GOV

**MAY 13 2014**

Honorable Mark Leno, Chair  
Senate Budget and Fiscal Review Committee

Attention: Mr. Mark Ibele, Staff Director (2)

Honorable Nancy Skinner, Chair  
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

**Amendment to Budget Bill Item 6440-001-0234, Support, University of California**

It is requested that Item 6440-001-0234 be decreased by \$876,000 to maintain an adequate reserve in the Cigarette and Tobacco Products Surtax Fund Research Account, given a decrease in the amount of revenues projected to be deposited in the account.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Mollie Quasebarth, Principal Program Budget Analyst, at (916) 445-0328.

MICHAEL COHEN  
Director  
By:

/s/ Keely M. Bosler

KEELY M. BOSLER  
Chief Deputy Director

Attachment

cc: On following page

**MAY 13 2014**

-2-

cc: Honorable Kevin de León, Chair, Senate Appropriations Committee  
Attention: Mr. Mark McKenzie, Staff Director  
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee  
Attention: Mr. Seren Taylor, Staff Director  
Honorable Mike Gatto, Chair, Assembly Appropriations Committee  
Attention: Mr. Geoff Long, Chief Consultant  
Honorable Jeff Gorell, Vice Chair, Assembly Budget Committee  
Attention: Mr. Eric Swanson, Staff Director  
Honorable Marty Block, Chair, Senate Budget and Fiscal Review Subcommittee No. 1  
Honorable Al Muratsuchi, Chair, Assembly Budget Subcommittee No. 2  
Mr. Mac Taylor, Legislative Analyst (4)  
Mr. Craig Cornett, Senate President pro Tempore's Office (2)  
Mr. Christopher W. Woods, Assembly Speaker's Office (2)  
Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office  
Mr. Patrick Lenz, Vice President of Budget and Capital Resources, University of California  
Ms. Debora Obley, Associate Vice President for Operating Budget and Facilities Management,  
University of California  
Mr. Clifton Bowen, Director of the Operating Budget, University of California

**MAY 13 2014**

Honorable Mark Leno, Chair  
Senate Budget and Fiscal Review Committee

Attention: Mr. Mark Ibele, Staff Director (2)

Honorable Nancy Skinner, Chair  
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

**Amendment to Budget Bill Item 6610-001-0001, Support, California State University**

It is requested that Item 6610-001-0001 be decreased by \$340,000 in fiscal year 2014-15 to reflect the updated estimate of state general obligation bond debt service for California State University (CSU) projects in 2013-14.

The Governor's Budget proposes a General Fund appropriation that, beginning in 2014-15, will support both operations and infrastructure at the CSU, including the costs of state debt payments for CSU projects. Consistent with this proposal, the Governor's Budget augments this item using the estimate of state general obligation bond debt service for CSU projects in 2013-14 and the estimate of State Public Works Board lease revenue bond rental payments for CSU projects in 2014-15.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Mollie Quasebarth, Principal Program Budget Analyst, at (916) 445-0328.

MICHAEL COHEN  
Director  
By:

/s/ Keely M. Bosler

KEELY M. BOSLER  
Chief Deputy Director

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Honorable Marty Block, Chair, Senate Budget and Fiscal Review Subcommittee No. 1  
Honorable Al Muratsuchi, Chair, Assembly Budget Subcommittee No. 2  
Mr. Mac Taylor, Legislative Analyst (4)  
Mr. Craig Cornett, Senate President pro Tempore's Office (2)  
Mr. Christopher W. Woods, Assembly Speaker's Office (2)  
Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office  
Mr. Ryan Storm, Interim Assistant Vice Chancellor for Budget, California State University  
Mr. Rodney Rideau, Acting Deputy Assistant Vice Chancellor for Budget, California State University

**MAY 13 2014**

Honorable Mark Leno, Chair  
Senate Budget and Fiscal Review Committee

Attention: Mr. Mark Ibele, Staff Director (2)

Honorable Nancy Skinner, Chair  
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

**Amendment to Various Budget Bill Items, Local Assistance, Board of Governors of the California Community Colleges**

**Budget Year**

**General Fund and Other Adjustments, Local Assistance**

**Item 6870-101-0001, Increase Local Property Tax Revenue (Issue 500)**—It is requested that Schedule (1) of Item 6870-101-0001 be increased by \$17,704,000 to reflect a decrease in estimated offsetting local property tax revenues.

**Item 6870-101-0001, Increase Student Enrollment Fee Revenues (Issue 506)**—It is requested that Schedule (1) of Item 6870-101-0001 be increased by \$24,683,000 to reflect a decrease in estimated offsetting student enrollment fee revenue.

**Item 6870-101-0001, Increase Student Financial Aid Administration and Board Financial Assistance Program (Issues 507 and 508)**—It is requested that Schedule (6) of Item 6870-101-0001 be increased by \$1,525,000 to reflect an increase of \$758,000 for the Student Financial Aid Administration Program and an increase \$767,000 for the Board Financial Assistance Program. These adjustments are consistent with revised estimates of the number of units of fees waived and the amount of fees waived.

It is further requested that Provision 10 (a) and (b) of this item be amended as follows to conform to these actions:

- "10. (a) Of the funds appropriated in Schedule (6) for Student Financial Aid Administration, not less than ~~\$15,363,000~~\$16,121,000 is available to provide \$0.91 per unit reimbursement to community college districts for the provision of board of governors (BOG) fee waiver awards pursuant to paragraph (2) of subdivision (m) of Section 76300 of the Education Code.
- (b) Of the funds appropriated in Schedule (6), not less than ~~\$15,532,000~~\$16,299,000 is available for the Board Financial Assistance Program to provide reimbursement of 2 percent of total waiver value to community college districts for the provision of BOG fee waiver awards pursuant to paragraph (2) of subdivision (m) of Section 76300 of the Education Code."

**Item 6870-101-0001, Decrease Education Protection Account Revenues for Net Excess Tax Districts (Issue 511)**—It is requested that Schedule (1) of Item 6870-101-0001 be decreased by \$464,000 to reflect revised estimates of the amount of Education Protection Account revenue that is allocated to net excess tax districts.

**Item 6870-101-0001, Decrease Apportionment Growth (Issue 512)**—It is requested that Schedule (4) of Item 6870-101-0001 be decreased by \$14,817,000 to reduce apportionment growth from 3 percent to 2.75 percent.

**Item 6870-101-0001, Decrease Apportionment Cost of Living Adjustment (Issue 513)**—It is requested that Schedule (1) of Item 6870-101-0001 be decreased by \$1,150,000 to reduce the apportionment cost of living adjustment from 0.86 percent to 0.85 percent.

**Item 6870-101-0001, Increase Education Protection Account Revenue Estimate and Decrease Backfill (Issue 560)**—It is requested that Schedule (1) of Item 6870-101-0001 be decreased by \$22,801,000 to reflect increased offsetting Education Protection Account revenue estimates.

**Item 6870-101-0001, Increase Redevelopment Agency Revenue Shift (Issue 509)**—It is requested that Schedule (1) of Item 6870-101-0001 be increased by \$2,159,000 to reflect revised redevelopment agency revenue estimates that will be received after April 15, 2015.

**Item 6870-101-0001, Increase Technology Infrastructure (Issue 517)**—It is requested that Schedule (16) of Item 6870-101-0001 be increased by \$6 million to upgrade bandwidth and replace technology equipment at community colleges. These upgrades are necessary to support modernization efforts started last year related to electronic transcript, electronic planning, and common assessment tools.

**Item 6870-101-0001, Increase Career Technical Education for Economic and Workforce Development (Issue 518)**—It is requested that Schedule (17) of Item 6870-101-0001 be increased by \$50 million one-time to develop, enhance, retool, and expand career technical education programs at community colleges. These funds will support the replacement of equipment and other costs related to career technical education programs.

It is further requested that Provision 18 of this item be amended as follows to conform to these actions:

"18. Of the amount appropriated in Schedule (17) for the Economic and Workforce Development Program, pursuant to Part 52.2 (commencing with Section 88600) of Division 7 of Title 3 of the Education Code, the following shall apply:

(a) Up to 10 percent may be allocated for state level technical assistance activities in support of the intent of Chapter 361 of the Statutes of 2012, including statewide network leadership, organizational development, coordination, information and support services, or other program purposes. Any augmentation to state level activities funding is subject to approval of the Department of Finance, not sooner than 30 days after the notification in writing to the chairpersons of the fiscal committees of each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee.

(b) All remaining funds shall be allocated for programming that target investment at priority and emergent sectors, including statewide and/or regional centers, hubs, collaborative communities, advisory bodies, and short-term grants. Short-term grants can include industry-driven regional education and training, Responsive Incumbent Worker Training, and Job Development Incentive Training.

(c) Prior to the expenditure of these funds, the Chancellor of the California Community Colleges shall submit a proposed expenditure plan and the rationale therefore, to the Department of Finance for approval. The expenditure plan shall include the following:

(1) A statewide and regional delivery system.

(2) A targeting of investments to competitive and emergent sectors important to regional economies as well as use of short-term grants to meet employer-driven training needs.

(3) Program support to increase the impact of college career technical education (CTE) programs (including contextualized CTE programs) on regional economies; statewide accountability data collection and performance evaluation; statewide training, development, and coordination; labor market research; and continuous program improvements.

(d) The following provisions apply to the expenditures of these funds:

(1) Funds applied to performance-based training shall be matched by a minimum of \$1 of private business and industry funding for each \$1 of state funds. The Chancellor of the California Community Colleges shall consider the level of involvement and financial commitments of business and industry in making awards for performance-based training.

(2) Funds allocated by the Chancellor of the California Community Colleges under this program may not be used by community college districts to supplant existing contract education offerings. The chancellor shall ensure that funds are spent only for expanded services and shall implement accountability reporting for districts receiving these funds to ensure that training, credit, and noncredit programs remain relevant to business needs.

(3) Any funds that become available due to savings, discontinuance, or reduction of amounts shall be evaluated against labor market needs and regional economies for reallocation within the economic and workforce development program.

(e) Fiscal agents of program funds intended to serve statewide or regional functions do not have authority to flex program funds. The chancellor's office may adjust allocations, as necessary, to preclude this action.

(f) (1) \$50,000,000 of the funds appropriated in Schedule (17) shall be provided on a one-time basis to create greater incentive for community colleges to develop, enhance, retool and expand quality career technical education offerings that build upon existing community college regional capacity to respond to regional labor market needs. Funds can be used for equipment, curriculum development, professional development, and other related costs necessary to develop, enhance, retool and expand career technical education offerings.

(2) The Chancellor of the California Community Colleges shall allocate these funds to the community college regions based upon a formula that factors in total full-time equivalent students and full-time equivalent students in career technical education courses. The Chancellor of the California Community Colleges shall, in consultation with community colleges within each region, designate either the district now serving as the fiscal agent for the regional consortia or an alternative district to serve as the fiscal agent for these funds.

(3) Funds shall be distributed by the fiscal agent to districts within the region for career technical education programs developed with industry input, matched by industry resources, and adopted by faculty upon certification by the regional consortia. The courses or programs of study for which the funds are requested must meet all of the following criteria:



(A) Be for occupations and sectors that are demonstrated to be in demand in the regional labor market.

(B) Be for occupations where regional production of employees is insufficient to meet labor market demand.

(C) Demonstrate regional alignment of program and curricula.

(4) Priority for funding shall go to programs that meet all the above criteria and that meet one or more of the following criteria:

(A) Are in priority sectors identified by the region.

(B) Are in emerging sectors identified by the region.

(C) Are articulated with K-12 and/or four year institutions.

(5) Individual colleges and districts shall be responsible for identifying eligible programs and their faculty; implementing courses and programs to meet regional capacity needs; participating in regional coordination efforts; articulating with K-12 and four year institutions, and submitting outcomes data to the Chancellor of the California Community Colleges.

(6) The regional consortia shall be responsible for certifying labor market demand with input from regional employers and essential workforce and economic development partners, prioritizing investment of funds according to industry sectors and occupations, and ensuring regional coordination.

(7) The district designated as the fiscal agent in each region shall be responsible for distributing the funds to each district within its region following certification by the regional consortia that the courses and programs submitted by the districts and colleges for funding meet the criteria above.

(8) The Chancellor of the California Community Colleges shall be responsible for administering the distribution of funds to the fiscal agents for each region and monitoring progress toward meeting regional and statewide career technical education needs."

**Item 6870-101-0001, Decrease Physical Plant and Instructional Support Program**

**(Issues 519 and 580)**—It is requested that Schedule (19) of Item 6870-101-0001 be decreased by \$27 million. The Governor's Budget allocated \$87.5 million to both deferred maintenance and instructional equipment. It is requested that the funding for instructional equipment be eliminated and that \$60.5 million of this amount be reallocated to reduce the backlog of deferred maintenance projects at the community colleges, bringing the total for deferred maintenance to \$148 million. It is also requested that the matching requirements associated with these funds be eliminated to ensure community colleges do not face fiscal hardships in utilizing these funds.

It is further requested that Provision 20 of this item be amended as follows to conform to these actions:

"20. ~~(a) One-half of any f~~Funds appropriated in Schedule (19) are available for the following purposes:

(1) Scheduled maintenance and special repairs of facilities. The Chancellor of the California Community Colleges shall allocate funds to districts on the basis of actual reported full-time equivalent students (FTES), and may establish a minimum allocation per district. As a condition for receiving and expending these funds for maintenance or special repairs, a district shall certify that it will increase its operations and maintenance spending from the 1995–96 fiscal year by the amount it allocates from this appropriation for maintenance and special repairs, plus an equal amount to be provided from district discretionary funds. The chancellor may waive all or a portion of the matching requirement based upon a review of a district's financial condition. The question of whether a district has complied with its resolution shall be reviewed under the annual audit of that district. ~~For every \$1 a district expends from any funds provided in this~~

~~appropriation for scheduled maintenance and special repairs, the recipient district shall provide \$1 in matching funds.~~

(2) Hazardous substances abatement, cleanup, and repairs.

(3) Architectural barrier removal projects that meet the requirements of the federal Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12101 et seq.) and seismic retrofit projects limited to \$400,000. ~~Districts that receive funds for architectural barrier removal projects shall provide a \$1 match for every \$1 provided by the state.~~

~~(b) One-half of any funds appropriated in Schedule (19) are available for replacement of instructional equipment and library materials. For every \$3 a district expends from any moneys provided in this appropriation for replacement of instructional equipment or library materials, the recipient district shall provide \$1 in matching funds. The chancellor may waive all or a portion of the matching requirement based upon a review of a district's financial condition. The funds provided for instructional equipment and library materials shall not be used for personal services costs or operating expenses. The chancellor shall allocate funds to districts on the basis of actual reported FTES and may establish a minimum allocation per district. The question of whether a district has complied with its resolution shall be reviewed under the annual audit of that district.~~

~~(c) Any funds appropriated in Schedule (19) shall be available for one-time use in the 2014-15 fiscal year."~~

**Item 6870-101-0001, Technical Adjustment for Redevelopment Agency Revenue Shift**

**(Issue 510)**—It is requested that Schedule (1) of Item 6870-296-0001 be decreased by \$38,377,000 to accurately reflect that redevelopment agency revenues received after April 15, 2014 will be counted as offsetting revenues in fiscal year 2014-15.

**Item 6870-103-0001, Increase Lease Revenue Bond Payments (Issue 515)**—It is requested that Schedule (1) Item 6870-103-0001 be increased by \$1,125,000 to reflect the defeasing of outstanding lease revenue bonds related to the Los Angeles Community College District's Southwest College Lecture Lab Building, Phase I.

It is further requested that provisional language be added as follows to conform to these actions:

X. The amount necessary from Schedule (1) is provided to defease or call the Los Angeles Southwest Lecture Lab Project, funded through the State Public Works Board of the State of California Lease Revenue Bonds, California Community Colleges 1996 Series A Various Community College Projects.

**Items 6870-139-8080, Decrease Clean Energy Job Creation Fund Revenue Estimate**

**(Issue 503)**—It is requested that Item 6870-139-8080 be decreased by \$1.5 million to reflect decreased Clean Energy Job Creation Fund (Proposition 39) revenue estimates.

It is also requested that provisional language be added to Item 6870-139-8080 to extend the encumbrance or expenditure period for Clean Energy Job Creation funds through 2017-18, as follows:

X. The funds appropriated in this item shall be available for encumbrance or expenditure until June 30, 2018.

**Item 6870-296-0001, Decrease Mandated Programs Block Grant (Issue 502)**—It is requested that Item 6870-296-0001 be decreased by \$345,000 to align block grant funding with the revised full-time equivalent students estimate.

**Item 6870-492, Reappropriation, Extend Proposition 39 Encumbrance Period (Issue 598)**—It is requested that Item 6870-492 be added to reappropriate the unencumbered balance of Clean Energy Job Creation Fund (Proposition 39) appropriated in the 2013 Budget Act through 2017-18 to allow community colleges adequate time to implement energy efficiency projects.

It is requested that this item be added as follows to conform to this action:

6870-492—Reappropriation, Board of Governors of the California Community Colleges. The balances of the appropriation provided in the following citations are reappropriated for the purposes provided for in these appropriations and shall be available for encumbrance or expenditure until June 30, 2018:

8080—Clean Energy Job Creation Fund

(1) Item 6870-139-8080, Budget Act of 2013, (Ch. 20, Stats. 2013).

#### **Current Year**

#### **General Fund and Other Adjustments, Local Assistance**

The following adjustments are consistent with chaptered or proposed trailer bill language:

- Increase inter-year deferral buy-down by \$78,142,000.
- Increase redevelopment agency backfill by \$50,879,000.
- Increase redevelopment agency revenue shift by \$2,161,000 based on revised redevelopment agency revenue estimates that will be received after April 15, 2014.
- Decrease Education Protection Account revenues for net excess tax districts by \$464,000.
- Increase Education Protection Account revenue estimate and decrease backfill by \$2,648,000.
- Increase inter-year deferral payments by \$55,470,000 to reflect a decreased level of deferral buy-down in 2012-13.

#### **Trailer Bill Language (See Attachment A)**

**Apportionment Growth Formula**—The May Revision modifies the Governor's Budget proposal to update the apportionment growth formula based on feedback received by the Chancellor's Office and stakeholders. The trailer bill language provides flexibility to the Chancellor's Office and an additional year to revise the formula, as long as the formula continues to consider the age of the adult population and the amount of unemployed adults in community college district boundaries.

**Career Development and College Preparation Noncredit Reimbursement Rate Increase**—The May Revision proposes trailer bill language to increase the funding rate beginning in 2015-16 for career development and college preparation noncredit courses to equal the rate provided for credit courses. Career development and college preparation noncredit courses offer flexibility for community colleges to design and deliver courses better suited for students

pursuing career technical education. Currently, the lower funding rate, along with the higher cost of career technical education, serve as disincentives to many community colleges to offer career development and college preparation instruction at the levels their communities demand, or in a manner that best supports student success. The one year delay will provide community colleges with a year to plan how best to take advantage of this new flexibility before the rate is revised.

**Local Goal Setting**—The May Revision proposes to modify trailer bill language to clarify that goal setting for measures in the Student Success Scorecard by community colleges is a condition of participating in, and receiving funding from, the Student Success and Support Program.

**Eliminate Apportionment Deferrals**—The May Revision maintains the commitment to eliminate deferrals in 2014-15; however, recent Proposition 98 estimates require the payment schedule to be altered in 2012-13, 2013-14, and 2014-15, as follows:

	2012-13	2013-14	2014-15
Governor's Budget	194,072	162,742	235,642
May Revision	(55,470)	133,612	(78,142)
<b>Total</b>	<b>138,602</b>	<b>296,354</b>	<b>157,500</b>

### Informational

Pursuant to Education Code section 84758, the Department of Finance (Finance) is required to notify the Legislature and the Chancellor's Office of the amount of revenue estimated to be available to community college districts during the next fiscal year from local property taxes, exclusive of bond interest and redemption, and timber taxes received.

Finance estimates that property taxes totaling \$2,308,082,000 net of excess taxes will be available to offset district apportionments in 2014-15. This estimate reflects the property tax adjustments to non-Budget Act Item 6870-601-0986 and excludes \$500,000 in estimated timber tax revenues.

Education Code section 84758 also requires Finance to notify the Legislature of the difference between the Chancellor's Office 2013-14 property tax estimate, excluding timber taxes, and Finance's 2013-14 property tax estimates as of May 2013, excluding timber taxes.

The Chancellor's Office reported 2013-14 property taxes of \$2,166,666,000, net of excess taxes and excluding timber taxes of \$500,000, as of the first principal apportionment payment. Finance's 2013-14 property tax estimate as of May 2013, was \$2,241,359,000, net of excess taxes and excluding timber taxes of \$456,000. Therefore, the Chancellor's Office current property tax estimate for 2013-14 is \$74,649,000 below Finance's May 2013 estimate.

The effect of my requested action is reflected on the attachment.

**MAY 13 2014**

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If you have any questions or need additional information regarding this matter, please call Mollie Quasebarth, Principal Program Budget Analyst, at (916) 445-0328.

MICHAEL COHEN  
Director  
By:

/s/ Keely M. Bosler

KEELY M. BOSLER  
Chief Deputy Director

Attachment

cc: Honorable Kevin de León, Chair, Senate Appropriations Committee  
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Mr. Christopher W. Woods, Assembly Speaker's Office (2)  
Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office  
Mr. Erik Skinner, Deputy Chancellor, California Community Colleges Chancellor's Office  
Mr. Dan Troy, Vice Chancellor, California Community Colleges Chancellor's Office

**Revise Apportionment Growth Formula Based on Community Need and Increase the CDCP Funding Rate for the 2015-16 Fiscal Year**

Section 84750.5 of the Education Code is amended as follows:

(a) The board of governors, in accordance with the statewide requirements contained in paragraphs (1) to (11), inclusive, of subdivision (d), and in consultation with institutional representatives of the California Community Colleges and statewide faculty and staff organizations, so as to ensure their participation in the development and review of policy proposals, shall develop criteria and standards for the purposes of making the annual budget request for the California Community Colleges to the Governor and the Legislature, and for the purpose of allocating the state general apportionment revenues.

(b) In developing the criteria and standards, the board of governors shall utilize and strongly consider the recommendations and work product of the "System Office Recommendations Based on the Report of the Work Group on Community College Finance" that was adopted by the board at its meeting of March 7, 2005. The board shall complete the development of these criteria and standards, accompanied by the necessary procedures, processes, and formulas for utilizing its criteria and standards, by March 1, 2007, and shall submit on or before that date a report on these items to the Legislature and the Governor.

(c) (1) It is the intent of the Legislature in enacting this section to improve the equity and predictability of general apportionment and growth funding for community college districts in order that the districts may more readily plan and implement instruction and related programs, more readily serve students according to the policies of the state's master plan for higher education, and enhance the quality of instruction and related services for students.

(2) It is the intent of the Legislature to determine the amounts to be appropriated for the purposes of this section through the annual Budget Act. Nothing in this section shall be construed as limiting the authority either of the Governor to propose, or the Legislature to approve, appropriations for California Community Colleges programs or purposes.

(d) The board of governors shall develop the criteria and standards within the following statewide minimum requirements:

(1) The calculations of each community college district's revenue level for each fiscal year shall be based on the level of general apportionment revenues (state and local) the district received for the prior year plus any amount attributed to a deficit from the adopted standards to be developed pursuant to this section, with revenue adjustments being made for increases or decreases in full time equivalent students (FTES), for equalization of funding per credit FTES, for necessary alignment of funding per FTES between credit and noncredit programs, for inflation, and for other purposes authorized by law.

(2) Commencing with the 2006-07 fiscal year, the funding mechanism developed pursuant to this section shall recognize the need for community college districts to receive an annual allocation based on the number of colleges and comprehensive centers in the district. In addition to this basic allocation, the marginal amount of credit revenue allocated per FTES shall be funded at a rate not less than four thousand three hundred sixty-seven dollars (\$4,367), as adjusted for the change in the cost-of-living in subsequent annual budget acts.

(A) To the extent that the Budget Act of 2006 contains an appropriation of one hundred fifty-nine million four hundred thirty-eight thousand dollars (\$159,438,000) for community college equalization, the Legislature finds and declares that community college equalization for credit FTES has been effectively accomplished as of March 31, 2007.

(B) The chancellor shall develop criteria for the allocation of one-time grants for those districts that would have qualified for more equalization under prior law than pursuant to this section and the Budget Act of 2006, and for those districts that would have qualified for more funding under a proposed rural college access grant than pursuant to this section and the Budget Act of 2006,

as determined by the chancellor. Appropriations for the one-time grants shall be provided pursuant to paragraph (24) of subdivision (a) of Section 43 of Chapter 79 of the Statutes of 2006.

(3) Noncredit instruction shall be funded at a uniform rate of two thousand six hundred twenty-six dollars (\$2,626) per FTES, as adjusted for the change in the cost-of-living provided in subsequent annual budget acts.

(4) Funding for instruction in career development and college preparation, as authorized pursuant to Section 84760.5, shall be provided as follows:

(A) Beginning in the 2006–07 fiscal year, career development and college preparation FTES may be funded at a rate of three thousand ninety-two dollars (\$3,092) per FTES for courses in programs that conform to the requirements of Section 84760.5. **Beginning in the 2015-16 fiscal year, career development and college preparation FTES shall be funded at the same level as the credit rate as defined in paragraph (2) of subdivision (d) of this section.** This rate shall be adjusted for the change in the cost-of-living or as otherwise provided in subsequent annual budget acts.

(B) Changes in career development and college preparation FTES shall result in adjustments to revenues as follows:

(i) Increases in career development and college preparation FTES shall result in an increase in revenues in the year of the increase and at the average rate per career development and college preparation FTES, including any cost-of-living adjustment authorized by statute or by the annual Budget Act.

(ii) Decreases in career development and college preparation FTES shall result in a revenue reduction in the year following the decrease and at the average rate per career development and college preparation FTES.

(5) Except as otherwise provided by statute, current categorical programs providing direct services to students, including extended opportunity programs and services, and disabled students programs and services, shall continue to be funded separately through the annual Budget Act, and shall not be assumed under the budget formula otherwise specified by this section.

(6) For credit and noncredit instruction, changes in FTES shall result in adjustments in district revenues as follows:

(A) Increases in FTES shall result in an increase in revenues in the year of the increase and at the amount per FTES provided for in paragraph (2) or (3), as appropriate, including any cost-of-living adjustment authorized by statute or by the annual Budget Act.

(B) Decreases in FTES shall result in revenue reductions beginning in the year following the initial year of decrease in FTES, and at the district's marginal funding per FTES.

(C) Districts shall be entitled to the restoration of any reductions in apportionment revenue due to decreases in FTES during the three years following the initial year of decrease in FTES if there is a subsequent increase in FTES.

(7) Revenue adjustments shall be made to reflect cost changes, using the same inflation adjustment as required for school districts pursuant to subdivision (b) of Section 42238.1. These revenue adjustments shall be made to the college and center basic allocations, credit and noncredit FTES funding rates, and career development and college preparation FTES funding rates.

(8) The statewide requested increase in budgeted workload FTES shall be based, at a minimum, on the sum of the following computations:

(A) Determination of an equally weighted average of the rate of change in the California population of persons between the ages of 19 and 24 and the rate of change in the California population of persons between the ages of 25 and 65, both as determined by the Department of Finance's Demographic Research Unit as determined for the preceding fiscal year.

(B) To the extent the California unemployment rate exceeds 5 percent for the most recently completed fiscal year, that positive difference shall be added to the rate computed in subparagraph (A). In no event shall that positive difference exceed 2 percent.

(C) The chancellor may also add to the amounts calculated pursuant to subparagraphs (A) and (B) the number of FTES in the areas of transfer, vocational education, and basic skills that were unfunded in the current fiscal year. For this purpose, the following computation shall be determined for each district, and a statewide total shall be calculated:

(i) Establish the base level of FTES earned in the prior fiscal year for transfer courses consisting of courses meeting the California State University breadth or Intersegmental General Education Transfer Curriculum requirements or major course prerequisites accepted by the University of California or the California State University.

(ii) Establish the base level of FTES earned in the prior fiscal year for vocational education courses consisting of courses defined by the chancellor's office Student Accountability Model codes A and B that are consistent with the courses used for measuring success in this program area under the accountability system established pursuant to Section 84754.5.

(iii) Establish the base level of FTES in the prior fiscal year for basic skills courses, both credit and noncredit.

(iv) Add the sum of FTES for clauses (i) to (iii), inclusive.

(v) Multiply the result of the calculation made under clause (iv) by one plus the district's funded growth rate in the current fiscal year. This figure shall represent the maintenance of effort level for the budget year.

(vi) FTES in transfer, vocational education, and basic skills that are in excess of the total calculated pursuant to clause (v), shall be considered in excess of the maintenance of effort level, and shall be eligible for overcap growth funding if the district exceeds its overall funded FTES.

(vii) In no event shall the amount calculated pursuant to clause (vi) exceed the total unfunded FTES for that fiscal year. To the extent the computation specified in subdivision (c) requires the reporting of additional data by community college districts, that reporting shall be a condition of the receipt of apportionment for growth pursuant to this section and those funds shall be available to offset any and all costs of providing the data.

(9) Except as provided in subparagraph (B) of paragraph (6), for the 2006–07 fiscal year or for the first fiscal year for which this section is implemented by the board of governors, whichever is later, all districts shall receive at least the amount of revenue received for the prior fiscal year, adjusted for the cost-of-living adjustment specified in subdivision (b) of Section 42238.1 and adjusted for the actual increase in FTES not to exceed the district's funded growth cap. Thereafter, allocations shall be made pursuant to this section, as implemented by the board of governors pursuant to the annual Budget Act.

(10) Except as specifically provided in statute, regulations of the board of governors for determining and allocating the state general apportionment to the community college districts shall not require district governing boards to expend the allocated revenues in specified categories of operation or according to the workload measures developed by the board of governors.

~~(e) This section shall become operative on October 1, 2006.~~

(e) (1) The Chancellor of the Community Colleges shall develop, and the board of governors shall adopt, a revised apportionment growth formula for use commencing with the 2014-15 2015-16 fiscal year. The chancellor shall allocate apportionments pursuant to the revised formula only after it has been adopted by the board of governors. The formula shall support the primary missions of the segment, and shall be based on each community's need for access to the community colleges, as determined by local demographics. In developing the revised formula, the chancellor shall consider, at a minimum, all of the following: multiple factors in



determining need; however, the primary factors shall be the age of the adult population and the amount of unemployed adults in a community college district's boundaries.

~~(A) The need for basic skills and remedial education, as measured by at least the following indicators, although others may also be considered:~~

~~(i) The level of preparedness for transfer-level coursework of local high school pupils~~

~~(ii) The number of adults without a high school diploma, or an equivalent,~~

~~(iii) The number of adults who are English learners.~~

~~(B) The need for workforce development and training, as measured by at least the following indicators, although other indicators may also be considered:~~

~~(i) The number of unemployed adults.~~

~~(ii) The current and future demand for employment.~~

~~(C) The need for preparing students to transfer to four-year universities, as measured by the number of adults who have not attained a bachelor's degree, although other indicators may also be considered.~~

~~(D) How the age of a community's population may affect the community's need for access to the community colleges.~~

~~(E) Statistical abnormalities, including, but not limited to, the presence of a college campus, prison, or geriatric facility.~~

~~(F) Other indicators as determined by the board of governors to have a high correlation to a community's need for access to the community colleges.~~

(2) The Chancellor of the Community Colleges shall calculate each community college district's proportionate share of the statewide need for access to the community colleges based on the **indicators factors** described in paragraph (1).

(3) The Chancellor of the Community Colleges shall calculate the difference between each community college district's proportionate share of the statewide need for access to the community colleges, as calculated in paragraph (2), and their current proportionate share of statewide enrollment in the community colleges.

(4) (A) Until a community college district reaches its highest level of apportionment revenues previously received, its apportionment revenues shall be eligible to increase by the lesser of 1 percent of its current apportionment base, or one-half of the statewide growth allocation on an proportionate basis, regardless of need.

(B) After a community college district reaches its highest level of apportionment revenues previously received, it shall be eligible to increase its apportionment revenues by the lesser of one-half of 1 percent of its current apportionment base, or one-quarter of the statewide growth allocation on an proportionate basis, regardless of its need.

(5) The remainder of the apportionment growth funding shall be allocated to allow each district to grow its apportionment revenues based on its relative share of the difference between the amounts calculated in paragraph (3), up to a maximum of 4 percent of its current apportionment base.

(6) Unless otherwise agreed upon by the board of governors, apportionment reductions shall be allocated proportionally based on the most recent levels of apportionment revenues.

### **Implementing Statewide Performance Strategies**

Section 84754.6 of the Education Code is amended as follows:

(a) The Chancellor of the California Community Colleges, in coordination with community college districts, shall annually approve and publicly post annually segmentwide **and community college district** goals for, at a minimum, the outcomes and measures contained within Education Code Section 84754.5, prior to the commencement of the 2015-16 fiscal year.

(b) Community college districts that receive funding for the Student Success and Support Program, pursuant to Article 1 (commencing with Section 78210) of Chapter 2 of Part 48 of Division 7 of Title 3 of the Education Code, shall annually approve and publicly post annually goals for, at a minimum, the outcomes and measures contained within Education Code Section 84754.5, prior to the commencement of the 2015-16 fiscal year.

~~(b)~~ (c) The Chancellor of the California Community Colleges, in coordination with community college stakeholder groups, the appropriate fiscal and policy committees of the Legislature, and the Department of Finance, shall develop leading indicators of success and best practices across all areas of community college operations, which shall be adopted by the Board of Governors prior to the commencement of the 2015-16 fiscal year.

~~(c)~~ (d) Pending the availability of funding in the annual Budget Act, the Board of Governors and the Chancellor of the California Community Colleges shall assess the degree to which each community college district is improving their outcomes contained in paragraphs (a) and ~~(b)~~ (c), and offer technical assistance to community college districts that are not improving.

~~(d)~~ (e) Contingent on the community college district receiving the technical assistance through subdivision ~~(c)~~ (d), the community college district must submit a turn-around plan that details the following:

- (1) the issue the technical assistance is attempting to solve,
- (2) detail on how the identified problem will be addressed, adopted by its local governing board,
- (3) a timetable of major milestones of improvements, and
- (4) updates that will be submitted to the Chancellor's Office on the outcome of those milestones, as scheduled by the Chancellor's Office.

### **Eliminate Apportionment Deferrals**

Section 84321.6 of the Education Code is amended as follows:

(a) Notwithstanding any other law that governs the regulations adopted by the Chancellor of the California Community Colleges to disburse funds, the payment of apportionments to community college districts pursuant to Sections 84320 and 84321 shall be adjusted by the following:

- (1) For the month of February, fifty-two million four hundred fifty-six thousand dollars (\$52,456,000) shall be deferred to July.
- (2) For the month of March, one hundred thirty-five million dollars (\$135,000,000) shall be deferred to July.
- (3) For the month of April, one hundred thirty-five million dollars (\$135,000,000) shall be deferred to July.
- (4) For the month of May, one hundred thirty-five million dollars (\$135,000,000) shall be deferred to July.
- (5) For the month of June, one hundred thirty-five million dollars (\$135,000,000) shall be deferred to July.

(b) In satisfaction of the moneys deferred pursuant to subdivision (a), the sum of five hundred ninety-two million four hundred fifty-six thousand dollars (\$592,456,000) is hereby appropriated in July of the 2014–15 fiscal year from the General Fund to the Board of Governors of the California Community Colleges for apportionments to community college districts, for expenditure during the 2014–15 fiscal year, to be expended in accordance with Schedule (1) of Item 6870-101-0001 of Section 2.00 of the Budget Act of 2013.

(c) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, ~~one hundred ninety-four million seventy-two thousand dollars (\$194,072,000)~~ **one hundred thirty-eight million six hundred two thousand dollars (\$138,602,000)** of the appropriations made by subdivision (b) shall be deemed to be "General Fund revenues appropriated for community college districts," as defined in subdivision (d) of

Section 41202, for the ~~2014–15~~ 2012–13 fiscal year, and included within the “total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B,” as defined in subdivision (e) of Section 41202, for the ~~2014–15~~ 2012–13 fiscal year.

(d) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution ~~one hundred sixty-two million seven hundred forty-two thousand dollars (\$162,742,000)~~ two hundred ninety-six million three hundred fifty-four thousand dollars (\$296,354,000) of the appropriations made by subdivision (b) shall be deemed to be “General Fund revenues appropriated for community college districts,” as defined in subdivision (d) of Section 41202, for the 2013–14 fiscal year, and included within the “total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B,” as defined in subdivision (e) of Section 41202, for the 2013–14 fiscal year.

(e) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution ~~two hundred thirty-five million six hundred forty-two thousand dollars (\$235,642,000)~~ one hundred fifty-seven million five hundred thousand dollars (\$157,500,000) of the appropriations made by subdivision (b) shall be deemed to be “General Fund revenues appropriated for community college districts,” as defined in subdivision (d) of Section 41202, for the 2014–15 fiscal year, and included within the “total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B,” as defined in subdivision (e) of Section 41202, for the 2014–15 fiscal year.

~~(d)-(f)~~ This section shall become operative on December 15, 2013.

~~(e)-(g)~~ This section shall remain in effect only until January 1, 2015, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2015, deletes or extends that date.



DEPARTMENT OF  
**FINANCE**  
OFFICE OF THE DIRECTOR

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**MAY 13 2014**

Honorable Mark Leno, Chair  
Senate Budget and Fiscal Review Committee

Attention: Mr. Mark Ibele, Staff Director (2)

Honorable Nancy Skinner, Chair  
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

**Amendment to Budget Bill Item 6910-101-0001, Local Assistance, Awards for Innovation in Higher Education**

It is requested that Item 6910-101-0001 be revised by making amendments to provisional language to clarify the program's intent and the process to make awards, as follows:

- "1. The funds appropriated in this item shall be for support of the Awards for Innovation in Higher Education program.
2. The program ~~is intended to recognize new models of higher education innovation in California~~ **recognizes California community colleges, California State University campuses, and University of California campuses that change existing policies, practices, or systems to** achieve the following priorities:
  - (a) Significantly increase the number of ~~individuals in the state who hold bachelor's degrees~~ **awarded**.
  - (b) Allow students to ~~earn complete~~ **complete** bachelor's degrees ~~that can be completed within four years of initial enrollment in after beginning~~ higher education.
  - (c) Ease transfer through the state's education system, ~~including by better recognizing learning that has occurred~~ **occurs** across the state's education segments ~~or and~~ elsewhere.
3. ~~Any of the following entities, or groups consisting of any of the following entities, California community college, California State University campus, or University of California campus~~ **Any California community college, California State University campus, or University of California campus** may submit, **individually or as part of a group,** an application for an award to the Director of Finance until January 9, 2015:
  - (a) ~~Any California community college.~~
  - (b) ~~Any California State University campus.~~
  - (c) ~~Any University of California campus.~~

4. The application shall, at a minimum, include all of the following:
  - (a) A description of how the ~~model of higher education innovation~~ campus or group is advancing the priorities identified in Provision 2.
  - (b) A description of ~~the actions the entity or group has taken to implement this model since~~ changes to policies, practices, or systems made on or after January 10, 2014.
  - (c) ~~A description of how bachelor's degrees are awarded through this model.~~ A description of changes to policies, practices, or systems the campus or group plans to make.
  - (d) ~~An estimate of how many students will earn bachelor's degrees through this model through June 30, 2019, disaggregated by academic year.~~ A calculation of the impact on the number of bachelor's degrees awarded and the time it takes students to complete bachelor's degrees as a result of these changes, by academic year, through the 2018-19 academic year.
  - (e) ~~An estimate of the~~ A calculation of the impact to the costs ~~the entity or group will incur~~ to award a single bachelor's degree as a result of these changes.
  - (f) Evidence that the ~~entity~~ campus or group can sustain ~~this model~~ these changes over the long-term.
5. A committee shall be convened by the Director of Finance only as necessary to award funds appropriated in this item. The committee shall consist of the following members:
  - (a) The Director of Finance or his or her designee, either of whom shall serve as the chairperson of the committee.
  - (b) A member of the State Board of Education selected by the Governor.
  - (c) A member of the Board of Governors of the California Community Colleges selected by the Governor.
  - (d) A trustee of the California State University selected by the Governor.
  - (e) A regent of the University of California selected by the Governor.
  - (f) An appointee of the Senate Committee on Rules.
  - (g) An appointee of the Speaker of the Assembly.
6. The committee shall select which ~~entities~~ campuses or groups receive awards and determine the amount of funds included in each of those awards based on the extent to which the ~~models of higher education innovation~~ changes described in their applications ~~do address~~ the following criteria:

- (a) Credibly achieve the ~~state's~~ priorities identified in Provision 2 at a lower cost than existing ~~instructional delivery models and policies, practices, and systems~~, without requiring that students pay increased tuition or fees.
  - (b) ~~Include~~Involve broad participation by entities identified in Provision 3 and by local education agencies, including school districts, county offices of education, and charter schools, and ~~are able to~~ can be replicated by other entities campuses and groups.
  - (c) Show commitment to achieving ~~their intended outcomes the priorities identified in Provision 2~~, as evidenced by ~~actions taken beginning changes made to existing policies, practices, or systems on or after January 10, 2014; the likelihood of planned actions any planned changes~~ described in their applications; the support of faculty, students, and other individuals and groups involved in or impacted by ~~their implementation these changes~~; and the ability to ~~be sustainable sustain changes~~ over the long-term.
7. The Director of Finance shall notify ~~an entity a campus~~ or group that has been selected for an award and indicate to that ~~entity campus~~ or group the proposed amount of funds included in its award.
8. Upon notification by the Director of Finance that it has been selected for an award, ~~an entity a campus~~ or group shall do both of the following:
- (a) Submit to the Director of Finance a report indicating how it will use funds included in the award.
  - (b) Commit to reporting to the Director of Finance the following:
    - (1) On or before January 1, 2018, an evaluation of the effectiveness of the ~~model of higher education innovation changes~~ described in its application in achieving the priorities identified in Provision 2 ~~and through the 2016-17 academic year, including their impact on the number of bachelor's degrees awarded through this model from July 1, 2015, through June 30, 2017 and the time it takes students to complete bachelor's degrees.~~
    - (2) On or before January 1, 2020, an evaluation of the effectiveness of the ~~model of higher education innovation changes~~ described in its application in achieving the priorities identified in Provision 2 ~~and through the 2018-19 academic year, including their impact on the number of bachelor's degrees awarded through this model from July 1, 2017, through June 30, 2019 and the time it takes students to complete bachelor's degrees.~~
9. The Director of Finance shall not distribute funds included in an award to ~~an entity a campus~~ or group unless the committee has approved the report submitted by that ~~entity campus~~ or group pursuant to subdivision (a) of Provision 8.

10. Actions taken to implement provisions of this item by the Department of Finance or the committee convened pursuant to Provision 6 shall not be subject to Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code."

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Mollie Quasebarth, Principal Program Budget Analyst, at (916) 445-0328.

MICHAEL COHEN  
Director  
By:

/s/ Keely M. Bosler

KEELY M. BOSLER  
Chief Deputy Director

Attachment

cc: Honorable Kevin de León, Chair, Senate Appropriations Committee  
Attention: Mr. Mark McKenzie, Staff Director  
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee  
Attention: Mr. Seren Taylor, Staff Director  
Honorable Mike Gatto, Chair, Assembly Appropriations Committee  
Attention: Mr. Geoff Long, Chief Consultant  
Honorable Jeff Gorell, Vice Chair, Assembly Budget Committee  
Attention: Mr. Eric Swanson, Staff Director  
Honorable Marty Block, Chair, Senate Budget and Fiscal Review Subcommittee No. 1  
Honorable Al Muratsuchi, Chair, Assembly Budget Subcommittee No. 2  
Mr. Mac Taylor, Legislative Analyst (4)  
Mr. Craig Cornett, Senate President pro Tempore's Office (2)  
Mr. Christopher W. Woods, Assembly Speaker's Office (2)  
Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office



**DEPARTMENT OF  
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**MAY 13 2014**

Honorable Mark Leno, Chair  
Senate Budget and Fiscal Review Committee

Attention: Mr. Mark Ibele, Staff Director (2)

Honorable Nancy Skinner, Chair  
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

**Amendments to Various Budget Bill Items and Reimbursements, Support and  
Local Assistance, California Student Aid Commission**

**Increase Reimbursement Authority for Providing Financial Aid Data (Issue 022)**—It is requested that reimbursements be increased by \$52,000 and that Item 6980-001-0001 be amended to reflect this change. This action will allow the Student Aid Commission to recover the cost of providing data on the Cal Grant and other specialized programs to stakeholders on a contractual basis.

**Revise Cal Grant Program Caseload (Issue 014)**—It is requested that Item 6980-101-0001 be increased by \$25,072,000 to reflect revised caseload estimates for the Cal Grant Program.

**Revise Loan Assumption Programs Caseload (Issue 015)**—It is requested that Item 6980-101-0001 be decreased by \$735,000 to reflect revised caseload estimates for the loan assumption programs.

**Decrease Offset of Cal Grant Program Costs with Student Loan Operating Fund (SLOF) (Issue 016)**—It is requested that Schedule (3) of Item 6980-101-0001 be increased by \$60 million and Item 6980-101-0784 be decreased by \$60 million to reflect that SLOF will not be available in 2014-15 to offset Cal Grant General Fund program costs.

**Revise Cost Estimate for Expanding Renewal Award Eligibility (Issue 017)**—It is requested that Item 6980-101-0001 be increased by \$900,000 to reflect a revised cost estimate for the Governor's Budget proposal to expand Cal Grant renewal award eligibility.

**Decrease Offset of Cal Grant Program Costs with Temporary Assistance for Needy Families (TANF) Reimbursement (Issue 018)**—It is requested that reimbursements be decreased by \$104,459,000 and Item 6980-101-0001 be increased by the same amount to reflect a decrease in the amount of TANF reimbursements budgeted to offset Cal Grant General Fund costs.

It is further requested that Provision 5 of Item 6980-101-0001 be amended as follows to conform to this action:



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"5. Of the funds appropriated in Schedules (1) and (2), ~~\$544,928,000~~ \$440,469,000 reflects reimbursements from the State Department of Social Services from the Temporary Assistance for Needy Families Block Grant for the purposes of offsetting General Fund costs of the Cal Grant Program."

**Offset Loan Assumption Costs with Excess Cal Loan Funds (Issue 024)**—It is requested that Item 6980-101-0954 be added in the amount of \$6 million and that Item 6980-101-0001 be decreased by the same amount to reflect this change. This change is necessary to utilize excess Student Loan Authority Funds to offset General Fund loan assumption program costs. These funds are available due to the sale of the Cal Loan Program portfolio recently approved by the California Educational Facilities Authority. Trailer bill language to allow this change is also requested (see Attachment I).

It is further requested that provisional language be added to Item 6980-101-0954 as follows to conform to this action:

X. The funds appropriated in this Item are for the purchase of loan assumptions under Article 5 (commencing with Section 69612) of Chapter 2 of Part 42 of Division 5 of Title 3 of the Education Code.

#### **Current Year Adjustments**

The following is informational and reflects caseload changes:

**Revise Cal Grant Program Caseload (Issue 014)**—Item 6980-101-0001 is being increased by \$13,915,000 to reflect revised caseload estimates for the Cal Grant Program.

**Revise Loan Assumption Programs Caseload (Issue 015)**—Item 6980-101-0001 is being decreased by \$148,000 to reflect revised caseload estimates for the loan assumption programs.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Ian Johnson, Principal Program Budget Analyst, at (916) 445-0328.

MICHAEL COHEN  
Director  
By:

/s/ Keely M. Bosler

KEELY M. BOSLER  
Chief Deputy Director

Attachment

cc: On following page

**MAY 13 2014**

cc: Honorable Kevin de León, Chair, Senate Appropriations Committee  
Attention: Mr. Mark McKenzie, Staff Director  
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee  
Attention: Mr. Seren Taylor, Staff Director  
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Mr. Christopher W. Woods, Assembly Speaker's Office (2)  
Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office  
Ms. Diana Fuentes-Michel, Executive Director, California Student Aid Commission

**MAY 13 2014**

**Proposed Trailer Bill Language**

**Offset Loan Assumption Costs with Excess Cal Loan Funds (New for May Revision)**

Section 94102.1 is added to the Education Code to read:

94102.1. In addition to the definition provided in Section 94110, "student loan" may also mean loan assumptions under Article 5, commencing with Section 69612.